Governor's Task Force on the Implementation of Question 2: The Regulation and Taxation of Marijuana Act

Final Report
May 30, 2017

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Table of Contents

Letter from the Chairs 1

Acknowledgements 2

Overview of the Task Force 3

Mission Statement 3

Guiding Principles and Goals 4

Task Force and Working Group Structure 5

Roles of The Task Force and Working Groups 6

Scope of Work 7

Methodology 11

Summary of Task Force Recommendations 12

Regulatory Structure 13

Regulatory Organizational Structure 13

Transfer of Medical Program to Department of Taxation 13

Inspection Requirements 13

Local Government Regulation 14

Marijuana Control Board 14

Ownership Interest 14

Advisory Committee 15

Ancillary Marijuana Business Licensing 15

Co-Location 15

Dual Use Medical and Retail 15

Taxation and Revenue 17

Taxation – 15% Excise Tax 17

Taxation – Retail Tax 10% 17

Fees – Local Government Share 17

Application and Licensing Requirements *19*

Application Process 19

Rating Criteria on Applications 19

Ownership Issues/ Licensing Requirements 19

Monopolies - Limitations on the Number of Marijuana Establishments .. 20

Agent Card Requirements 20

Retail Store Allocation 21

Inventory Tracking *22*

Inventory Control 22

Centralized Inventory Tracking 22

Inventory Tracking and Separation of Product 22

Retail Store Operations *24*

Operations – Service 24

Retail Regulations 24

Cultivation Operations *25*

Outdoor Cultivation - Buffer Zone 25

Home Cultivation 25

Pesticide Application and Worker Protection Standards 26

Pesticides 26

Outdoor Cultivation - Security Requirements 26

Product Acquisition 27

Cultivation Supply Management 27

Microbial Testing Limits 27

Internal Product Evaluation Standards and Procedures 28

Production/Manufacturing Operational Requirements *29*

Production Outside of Licensed Facilities 29

Disposal of Marijuana Products and Waste 29

Laboratory Operations *30*

Accreditation, Validation and Auditing 30

Proficiency Testing 30

Inventory Control 31

Sample Sizes for Testing and Retention 31

Homogeneity Testing and Adulterants 31

Distribution and Transportation *32*

Commercial Transportation and Storage – Operational Requirements ... 32

Storage Requirements 32

Application Process for a Distributor License 33

Local Jurisdiction Involvement in Transportation 33

Delivery 34

Packaging, Labeling, Potency Limitations *35*

Packaging Requirements 35

Serving Sizes and Packaging Limitations 35

Product Types and Their Equivalencies 36

Serving Size and Labeling of Edibles 36

Uniform Potency Labeling 37

Signage, Marketing and Advertising *38*

Signage, Marketing and Advertising 38

Literature Shared with the Patient/Consumer 38

Education and Research *40*

Education 40

Research 40

Data Collection 40

Oversight and Responsible Agent Training 41

Federal Property and Funding 41

Law Enforcement *42*

Driving Under the Influence of Drugs (DUID) 42

Statutory Changes 42

Marijuana in Correctional Facilities 42

Open Container and Personal Transport 43

Request for Evidentiary Testing 43

Fees Associated with DUID 43

Restrictions and Minimum Security Standards Regarding Firearms 44

Public Safety *45*

Preventing Distribution to Minors 45

Preventing Diversion to Other States 45

Revenue for Public Safety 46

Dispensing Machines 46

Banking 46

Clean Air Act 47

Edible Marijuana 47

Health and Safety – Medical and Clinical Issues 47

Workers Compensation 48

Appendices 49

A. Question 2 51

B. Executive Order 63

C. Task Force and Working Group Membership 67

D. Task Force Recommendations 79

Regulatory Structure *81*

Regulatory Organizational Structure 81

Transfer of Medical Program to Department of Taxation 83

Inspection Requirements 85

Local Government Regulation 88

Marijuana Control Board 90

Ownership Interest 92

Advisory Committee 94

Ancillary Marijuana Business Licensing 96

Co-Location 98

Dual Use Medical and Retail 100

Taxation and Revenue *102*

Taxation – 15% Excise Tax 102

Taxation – Retail Tax 10% 105

Fees – Local Government Share 107

Application and Licensing Requirements *109*

Application Process 109

Rating Criteria on Applications 112

Ownership Issues/ Licensing Requirements 114

Monopolies - Limitations on the Number of Marijuana Establishments 116

Agent Card Requirements 118

Retail Store Allocation 120

Inventory Tracking *122*

Inventory Control 122

Centralized Inventory Tracking 127

Inventory Tracking and Separation of Product..... 129

Retail Store Operations *131*

Operations – Service..... 131

Retail Regulations..... 133

Cultivation Operations *136*

Outdoor Cultivation-Buffer Zone 136

Home Cultivation 139

Pesticide Application and Worker Protection Standards 141

Pesticides..... 144

Outdoor Cultivation - Security Requirements 146

Product Acquisition..... 150

Cultivation Supply Management..... 153

Microbial Testing Limits 162

Internal Product Evaluation Standards and Procedures 164

Production/Manufacturing Operational Requirements *166*

Production Outside of Licensed Facilities 166

Disposal of Marijuana Products and Waste..... 168

Laboratory Operations *173*

Accreditation, Validation and Auditing..... 173

Proficiency Testing 177

Inventory Control 180
Sample Sizes for Testing and Retention 182
Homogeneity Testing and Adulterants 186
Distribution and Transportation *188*
Commercial Transportation and Storage – Operational Requirements . 188
Storage Requirements 194
Application Process for a Distributor License 197
Local Jurisdiction Involvement in Transportation 200
Delivery 203
Packaging, Labeling, Potency Limitations *205*
Packaging Requirements 205
Serving Sizes and Packaging Limitations 217
Product Types and Their Equivalencies 219
Serving Size and Labeling of Edibles 222
Uniform Potency Labeling 224
Signage, Marketing and Advertising *226*
Signage, Marketing and Advertising 226
Literature Shared with the Patient/Consumer 229
Education and Research *232*
Education 232
Research 237
Data Collection 239
Oversight and Responsible Agent Training 243
Federal Property and Funding 246
Law Enforcement *250*

Driving Under the Influence of Drugs (DUID) 250

Statutory Changes 253

Marijuana in Correctional Facilities 255

Open Container and Personal Transport 257

Request for Evidentiary Testing 260

Fees Associated with DUID 264

Restrictions and Minimum Security Standards Regarding Firearms 266

Public Safety *268*

Preventing Distribution to Minors 268

Preventing Diversion to Other States 271

Revenue for Public Safety..... 275

Dispensing Machines..... 278

Banking 280

Clean Air Act..... 282

Edible Marijuana 284

Health and Safety - Medical and Clinical Issues 286

Workers Compensation 288

E. Summary of Task Force and Working Group Dissents **293**

F. Cross Reference Working Group and Topic **299**

Letter from the Chairs

STATE OF NEVADA

May 30, 2017

Dear Governor Sandoval:

We hereby deliver to you the final report of the Task Force on the Implementation of Ballot Question 2: The Regulation and Taxation of Marijuana Act.

The Task Force, which you established on November 8, 2016, by Executive Order 2017-02, was given the mission to identify the legal, policy, and procedural issues that need to be resolved and to offer suggestions and proposals for legislative, regulatory, and executive actions that need to be taken for the effective and efficient implementation of the Act. The executive order directed the Task Force to complete its work and issue a report of its recommendations and findings to you by May 30, 2017.

The Task Force was composed of 19 members representing diverse interests, including law enforcement, public health, state agencies, the Nevada Legislature, social services, local government, the marijuana industry, and the public. They began their work on March 3, 2017, and met regularly over the course of ten weeks. In addition to the main Task Force, eight topic-focused working groups–made up of Task Force members, subject matter experts, and affected stakeholders–met weekly. The groups worked tirelessly, deliberating issues from every angle, listening to and incorporating public comment, and thoughtfully crafting their recommendations to be heard by the Task Force. The working groups presented a total of 73 recommendations to the Task Force, where they were further deliberated, amended, and adopted by majority vote for inclusion in this report. Every meeting of the Task Force and working groups was open to the public, and the community proved actively engaged, providing frequent input via public comment.

The members of the Task Force and working groups carried out the mission you gave them with full commitment to the spirit and letter of that mission. As the great State of Nevada moves forward to regulate and tax marijuana, the Task Force members share a sense of pride in having contributed to the framework to accomplish that. We look forward to seeing our recommendations refined through the regulatory, executive, and legislative processes, and foresee a tightly regulated program that considers the needs of industry and protects public health and safety.

Respectfully submitted,

Deonne Contine, Chair
Executive Director
Nevada Department of Taxation

Chuck Callaway, Vice Chair
Director of Office of Intergovernmental Services
Las Vegas Metropolitan Police Department

Acknowledgements

The work of the Task Force would not have been possible without the support of the hard-working administrative staff led by Tina Padovano, Hector Sepulveda and Heidi Fettic. They booked rooms, scheduled all Task Force and working group meetings, created Public Notices, took the minutes and made copies of the all the agendas and recommendations for the convenience of the public and members. We would also like to thank Stephanie Klapstein for posting all the supporting documents to the Department of Taxation website and leading the communication efforts of the Task Force. Thank you for all your efforts!

It is important to recognize the contributions of the State of Colorado and Rebound Solutions to this effort. Their ground-breaking work on implementing the Retail Marijuana Program in Colorado provided the Task Force with a solid starting point and helped to ensure a thorough effort. Similarly, the work done on the Medical Marijuana Program by the Nevada Division of Public and Behavioral Health provided a strong regulatory framework from which to begin crafting a Retail Program in Nevada.

The Task Force would also like to thank our consulting team from QuantumMark, led by Kelly Jessee with the assistance of Michael Kretch. They oversaw the design and execution of the Task Force's recommendation form, process and agendas, kept track of the recommendations, and organized and wrote the final report.

Overview of the Task Force

On November 8, 2016, the voters of the State of Nevada approved Ballot Question 2: The Regulation and Taxation of Marijuana Act (the Act). The Act stated that "the use of marijuana should be legal for persons 21 years of age or older, and its cultivation and sale should be regulated like other legal businesses."[1] The Act provided that:

- Marijuana may only be purchased from a business that is licensed by the State of Nevada;
- Business owners are subject to a review by the State of Nevada to confirm that the business owners and the business location are suitable to produce or sell marijuana;
- Cultivating, manufacturing, testing, transporting, and selling marijuana will be strictly controlled through state licensing and regulation;
- Selling or giving marijuana to persons under 21 years of age shall remain illegal;
- Individuals must be 21 years of age or older to purchase marijuana;
- Driving under the influence of marijuana will remain illegal; and
- Marijuana sold in the state will be tested and labeled.

The Act directs the Nevada Department of Taxation to adopt all regulations necessary or convenient to carry out the provisions of the Act, including accepting applications and issuing licenses for marijuana establishments, not later than January 1, 2018.

On February 3, 2017, the Governor of the State of Nevada issued Executive Order 2017-02 establishing a Task Force to deliberate on and make recommendations regarding policy, legal and procedural issues that must be considered to implement the Act. The Task Force was to report its findings and recommendations to the Governor by May 30, 2017.

Mission Statement

The Task Force's mission was to identify the legal, policy, and procedural issues that need to be resolved, and to offer suggestions and proposals for legislative, regulatory, and executive actions that need to be taken for the effective and efficient implementation of the Act.

[1] Ballot Initiative Question 2, "Full Initiative Text--Regulate Marijuana Like Alcohol in Nevada", https://www.regulatemarijuanainnevada.org/full-initiative-text/ , November 8, 2016.

Guiding Principles and Goals

1. Promote the health, safety, and well-being of Nevada's communities

2. Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry

3. Ensure that youth are protected from the risks associated with marijuana, including preventing the diversion of marijuana to anyone under the age of 21

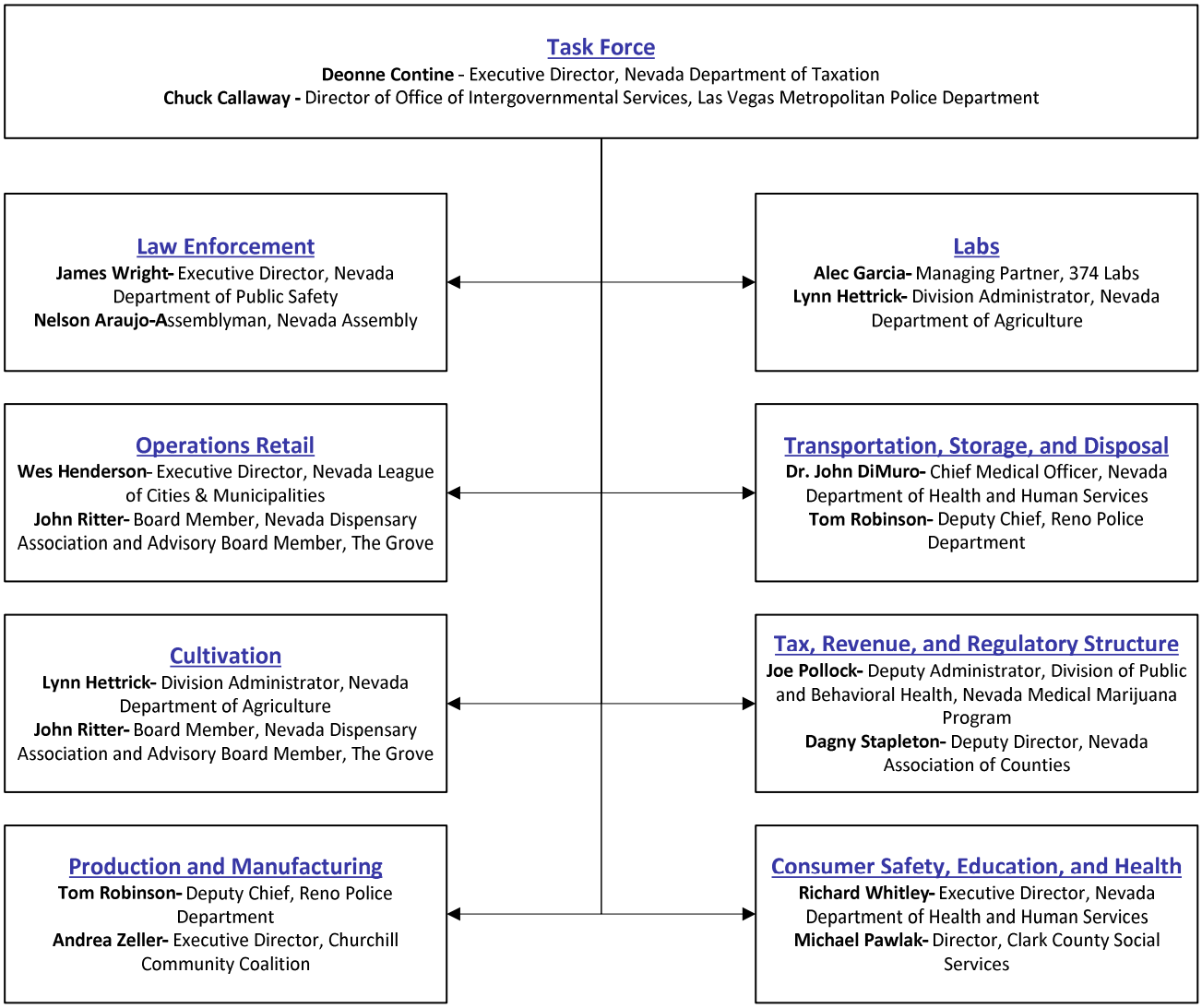
4. Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome

5. Begin a discussion between the state and local governments regarding the costs of carrying out Question 2

6. Establish regulations that are clear and practical, so that interactions between law enforcement (at the local, state and federal levels), consumers, and licensees are predictable and understandable

7. Take action that is faithful to the text of Question 2

Task Force and Working Group Structure



Roles of The Task Force and Working Groups

Task Force

The Chair

- Issue and amend guidelines for operation of the Task Force
- Form and appoint working groups
- Identify and approve the scope of work
- Assign Task Force members to lead working groups

As a group

- Identify the legal, policy and procedural issues that need to be resolved
- Provide leadership to the working groups
- Review the recommendations from the working groups
- Present recommendations to the Governor

As leaders of working groups

- Facilitate working group meetings
- Assist working groups to prepare recommendations
- Represent the working group at Task Force meetings

Working Groups

- Accept the scope of work as assigned by the Task Force
- Discuss and debate each assigned topic in a group setting
- Participate on breakout teams to conduct research, identify best practices and gather information regarding experiences from other states where a retail marijuana program has already been implemented
- Analyze findings and present to the full working group
- Discuss findings and evaluate alternatives
- Prepare recommendations
- Identify that laws need amending or that new statutes or regulations are required for the recommendations to be implemented
- Present the recommendations to the Task Force

Scope of Work

An initial set of topics was developed through review of the Executive Order of the Governor, regulations from other states where retail marijuana has been legalized, interviews with members of the Department of Taxation and the Division of Public and Behavioral Health. The list was approved at the first Task Force meeting and distributed among the working groups. The topics were then further refined during the working group meetings.

The following table lists the topics considered by each working group.

Working Group	Topics
Law Enforcement	• State and local • DUID and testing • ARIDE training • Preventing distribution to minors • Consequences 18-20 years old • Consequences for juvenile possession • Personal transport of marijuana • Open and public consumption • Local civil offenses • Preventing the diversion to other states • Preventing violence and the use of firearms in the cultivation and distribution of marijuana • Amending current laws regarding possession of drug paraphernalia, marijuana and cultivation • Need for new statutes for time, place and manner restrictions for consumption, including conforming to existing non-smoking laws • Possession of marijuana in correctional facilities • Regulation of safety • Crime and public safety • Statutory changes for those under 21 years of age
Operations – Retail Establishments	• Dual use medical and retail • Personnel • Security • Tracking sales • Tracking inventory • Purchase by residents • Purchase by visitors

Working Group	Topics
	• Ownership interest • Local government involvement • Vending machines • Signage, marketing and advertising • Literature shared with the patient/consumer • Delivery
Operations – Cultivators	• Cultivating standards • Handling standards • Tracking inventory • Pesticides • Dual use cultivating and manufacturing • Home cultivation • Advisory group • Outdoor cultivation • Regulatory organizational structure • Security requirements
Operations – Production/Manufacturing	• Dual use cultivating and manufacturing • Tracking inventory • Packaging requirements • Ownership interest • Local government involvement • Training requirements • Home production • Inspection requirements • Serving sizes and packaging limitations • Edibles/Other products
Operations – Labs	• Operational practices • Accreditation • Tracking inventory • Sample sizes for testing and retention • Ownership interest • Local government involvement • Advisory group • Proficiency testing

Working Group	Topics
	• Validation and auditing • Homogeneity testing and adulterants
Transportation/Storage/ Disposal	• Commercial transportation and storage • Application process • Ownership interest • Local jurisdiction involvement • Public health and safety • Disposal of marijuana, products and waste • Environmental industry impacts • Delivery • Distribution centers
Taxation/Revenue/ Regulatory Structure	• Tax clarification • Sales tax • Wholesale tax • Business licensing • Licensing requirements (residency, ownership interest, suitability requirements for licensees, responsible retailers program) • Single marijuana environment • Financial plan • Operations fees • Regulatory organizational structure • Inspections • Penalties for noncompliance with regulations • Local governments and financial benefits • Impacts to local government • Data collection • Revenue for public safety • Land use • Rating criteria on applications
Consumer Safety/Education/ Health	• Signage, marketing and advertising, restrictions on advertising and display • Uniform labeling • Additives

Working Group	Topics
	• Adulterants (nicotine/alcohol) • Education for professionals and the public • Research • Oversight and responsible agent training • Health and safety standards for manufacturing, production and cultivation • Preventing drugged driving and the exacerbation of other adverse public health consequences • Education on long term health effects of marijuana use and harmful effects for those under 18 years of age • Preventing marijuana possession or use on federal property • Reconciliation of Nevada and federal laws to prevent prosecution • The effect of the Act on employers, employees and the Nevada economy • Non-consumer safety and education • Workers compensation • Health and safety – medical and clinical issues • Edible marijuana

While the working groups and Task Force addressed many issues pertaining to the regulation, implementation and taxation of marijuana, the groups chose not to make recommendations on some of the topics presented for their consideration. Some issues were not addressed and left to the Department of Taxation to work through in the development of the regulations, including requirements related to record keeping, procedures for the collection of taxes, procedures to establish fair market value and civil penalties for failure to follow the regulations created by the Department.

Methodology

Task Force members included the Nevada State Senate and Assembly and the Nevada Departments of Taxation, Health and Human Services, Public Safety and Agriculture. Members also included the Nevada Chief Medical Officer, representatives from the Nevada League of Cities and Municipalities and the Nevada Association of Counties. There was representation from the Nevada Medical Marijuana Program, law enforcement, social services agencies, the medical marijuana industry and the general public. All members were appointed by the Governor and adopted at the first meeting. See Appendix C for a complete list of Task Force members.

Deonne Contine and Chuck Callaway were appointed as Chair and Vice-Chair, respectively, to lead the Task Force. Prior to the first Task Force meeting, procedural guidelines were drafted for consideration by the Task Force. These included establishing guiding principles, drafting a comprehensive list of topics for consideration by the working groups and developing the procedural workflow for review of recommendations by the Task Force. Six meetings were held between March 3 and May 12.

The Task Force created eight working groups each chaired by two members of the Task Force and composed of persons with subject matter expertise. Five were established to address operational topics related to Production/Manufacturing, Cultivation, Labs, Retail and Transportation/Storage/Disposal. The remaining three addressed issues related to Law Enforcement, Taxation/Revenue/Regulatory Structure, and Consumer Safety/ Education/Health. Each working group met once a week for seven weeks.

Between public meetings, the working group members worked independently to conduct research and develop recommendations. Each recommendation was brought to the entire working group during public meetings for review and consideration. This was an iterative process. The advice and opinion of the full working group provided the feedback needed to direct additional work on the topic. This process continued until there was consensus by the working group on the recommendation. In some instances, where topics overlapped, there was collaboration among working groups to develop the recommendation. Dissenting opinions by any group member(s) were captured within the recommendation.

Once a recommendation was approved by a working group it was presented to the Task Force for consideration. If modifications were requested the recommendation was sent back to the working group for changes. The recommendation was then brought to the Task Force for reconsideration.

In total, the working groups presented 73 recommendations to the Task Force. Each was approved by a majority vote of the Task Force and many were unanimous in their approval.

All meetings of the Task Force and working groups were subject to Nevada's Open Meeting Law. The Task Force endeavored to solicit public comment as part of its consideration of the policy, legal and procedural issues that need to be resolved to implement the Act. To the extent it was deemed appropriate, the Task Force incorporated the public input it received into its recommendations.

Full documentation of the Task Force and working group meetings can be found on the website of the Nevada Department of Taxation (https://tax.nv.gov/Boards/Retail_Marijuana/Retail_Marijuana/).

Summary of Task Force Recommendations

Each of the 73 recommendations is summarized herein to provide a quick overview. These summaries are organized into one of the following fourteen topics:

1. Regulatory Structure
2. Taxation and Revenue
3. Application and Licensing Requirements
4. Inventory Tracking
5. Retail Store Operations
6. Cultivation Operations
7. Production/Manufacturing Operational Requirements
8. Laboratory Operations
9. Distribution and Transportation
10. Packaging, Labeling and Potency Limitations
11. Signage, Marketing and Advertising
12. Education and Research
13. Law Enforcement
14. Public Safety

The full text of the recommendations adopted by the Task Force is included in Appendix D. Reviewing the full text will provide the details necessary to understand the merits of the recommendation. Justifications and actual suggestions for changes to statute or regulations are part of the detailed recommendations.

Regulatory Structure

The recommendations grouped in this section aim to create the regulatory foundation and authority to administer the retail marijuana program at the state and local levels. Consideration was given to establishing a Marijuana Control Board and an Advisory Committee to provide advice, guidance and industry input. Other recommendations deal with ownership interest in marijuana establishments and provisions for businesses to engage in both medical and retail marijuana activities.

Regulatory Organizational Structure

The Task Force recommends that Nevada Revised Statute Chapter 453A and Nevada Administrative Code Chapter 453A (medical marijuana) be used as the regulatory foundation for the retail marijuana program, and that the Department of Taxation oversee the administration of both the medical and retail marijuana programs. State statute and regulations will need to be amended to consolidate all marijuana authority under the Department of Taxation.

There was no dissent on the recommendation.

Transfer of Medical Program to Department of Taxation

The Task Force recommends that, to streamline marijuana regulation and oversight, the Nevada Legislature transfer the regulatory responsibility of the medical marijuana program (including duties, responsibilities and budgets) from the Division of Public and Behavioral Health to the Department of Taxation.

There was no Task Force dissent on the recommendation.

There was dissent in the working group that medical marijuana is currently under the Division of Public and Behavioral Health as it is considered a medicine and as such is treated as a public health matter. Therefore, medical marijuana could continue to be regulated in a manner separate from retail marijuana. If the state prefers that medical marijuana and retail marijuana to be co-located under one department, dissenting opinion suggested the creation of an Alcohol and Marijuana Control Board as is done in other states.

Inspection Requirements

The Task Force recommends that one state agency oversees inspecting both medical and retail operations so that there is a single point for inspection and enforcement. This recommendation would ensure overall consistency in enforcement and be less onerous on marijuana establishments holding dual licenses.

There was no Task Force dissent on the recommendation.

There was a concern in the working group that, should the medical and retail marijuana programs not be merged under the Department of Taxation, a single agency performing state inspections for programs administered by different agencies might be infeasible.

Local Government Regulation

The Task Force recommends that regulations be adopted that make it clear that local governments may regulate retail marijuana establishments on zoning, general business license matters, and fire and building code compliance only. The state should occupy the entire regulatory space on matters involving edibles, packaging, concentrates, dosing, potency, serving size limitations, and product types. This recommendation ensures that state and local regulations do not conflict, and guarantee regulatory uniformity for the industry and reduce enforcement costs for local jurisdictions.

There was Task Force dissent on the recommendation. Dissent regarded the role of local governments that do not want to be restricted on regulatory issues regarding marijuana. Some local governments wish to retain the ability to regulate on matters involving edibles, packaging, concentrates, dosing, potency serving size limitations and product types and want the flexibility to make more restrictive regulations than the state may prescribe.

Marijuana Control Board

The Task Force recommends that the Nevada Legislature create, when feasible, a Marijuana Control Board to provide direct oversight and accountability to the retail and medical marijuana industries. The structure and duties of the Marijuana Control Board would be generally based on Nevada Revised Statute Chapter 463 which establishes authority for the licensing and control of gaming.

There was no dissent on the recommendation.

Ownership Interest

The Task Force recommends that retail marijuana ownership interest requirements remain consistent with the medical marijuana program. No person with a direct or indirect interest in a marijuana testing laboratory can have a direct or indirect financial interest in a marijuana retail store, a production/manufacturing establishment, a cultivation facility or a distributor. The Task Force further recommends that marijuana laboratories be exempted from using a distributor to collect and move testing samples.

There was no dissent on the recommendation.

Advisory Committee

The Task Force recommends the Department of Taxation establish an Independent Marijuana Advisory Committee like the Independent Laboratory Advisory Committee (ILAC) under Nevada Administrative Code 453A.666. The Committee's purpose would be to address changes and challenges that the marijuana industry will face as it matures. The membership of the Committee should include representatives of the Nevada marijuana industry and local and state officials. The Committee would provide recommendations to the Department of Taxation regarding all aspects of the Nevada marijuana industry, make suggestions for any changes to Nevada Revised Statute or Nevada Administrative Code chapters relating to marijuana, and assist in creating and updating marijuana policies and procedures for the Department of Taxation.

There was no dissent on the recommendation.

Ancillary Marijuana Business Licensing

The Task Force recommends in addition to the state, local jurisdictions be allowed to license, regulate and collect fees from ancillary marijuana businesses. Ancillary businesses were defined as any person that has not received a registration certificate under Nevada Revised Statute Chapter 453A, has been licensed as a marijuana establishment under Nevada Revised Statute Chapter 453D and that directly profits from onsite adult use or consumption of marijuana or marijuana-infused products. Examples of ancillary businesses include spas, social clubs and music venues. The recommendation also allows for standardized educational materials pertaining to adult use of marijuana to be prominently displayed in such facilities. Examples include current rules and regulations for smoking, vaping, tobacco and alcohol usage in the facility.

There was Task Force dissent on the recommendation concerning whether ancillary businesses should be allowed.

Co-Location

The Task Force recommends allowing the coexistence of marijuana production, cultivation, retail and distribution establishments within the same facility. It further recommends allowing the coexistence of both retail and medical marijuana establishments within the same facility. Legislative changes in Nevada Revised Statute Chapter 453A.350 would be required to allow for shared use of facility types.

There was no dissent on the recommendation.

Dual Use Medical and Retail

The Task Force recommends that the Department of Taxation and any affected local governments enact regulations and ordinances permitting a medical marijuana establishment and a retail marijuana establishment to operate at the same location and to permit a dual licensee to serve patients and retail consumers in the same

retail area without the need to make changes in the design and construction of licensed medical marijuana dispensaries. Statutory changes would be necessary to Nevada Revised Statute Chapter 453A to allow for dual use of facilities for medical and retail marijuana businesses.

There was no dissent on the recommendation.

Taxation and Revenue

Topics of discussion in this section include using revenue to cover the implementation costs of the program at the state and local levels, and help to support common resources such as police and other public services engaged with the retail marijuana industry.

Taxation – 15% Excise Tax

The Task Force recommends that the excise tax on all wholesale marijuana, medical or retail, be 15% as provided for in Question 2 and that it should be administered in a uniform manner. This tax would replace the current tax structure applied to medical marijuana. Taxing all wholesale marijuana at the same rate allows establishments to treat marijuana and marijuana products in a "single stream" designating its use as medical or retail only at the point of purchase. Nevada Revised Statute Chapter 453A would need to be amended to enact this recommendation.

There was no dissent on the recommendation.

Taxation – Retail Tax 10%

Adopting the recommendation from Governor Sandoval's proposed budget, the Task Force recommends an additional 10% tax on retail marijuana at the point of sale. This recommended tax is in addition to the 15% tax collected at the wholesale level and is consistent with an overall target rate of 30% or less total taxation for the retail product. Other states have concluded that the balance between a healthy, regulated industry and a shrinking black market is around 30% total taxation. The tax structure would also create a significant enough difference in the retail price between retail and medical marijuana that medical patients will have a financial incentive to continue participating in the medical marijuana program.

While the Governor recommended that this tax go to education, the Task Force did not recommend how the new tax should be allocated, citing the understanding that there are impacts on local government, law enforcement, communities and agencies that should all be considered when policy makers decide on allocation. Legislation would need to be enacted to adopt this recommendation.

There was no dissent on the recommendation.

Fees – Local Government Share

The Tax Force recommends that local governments receive a share of revenue generated by the retail marijuana industry so that both the state and local governments share in the financial benefits and can mitigate the impacts from marijuana legalization. This recommendation provides revenue for critical local government services and

affirms that the aggregate tax rate at retail should remain low enough to keep the price disparity between legal regulated businesses and illegal black market operators small enough to discourage a significant black market.

There was both Task Force and working group dissent on the recommendation. Dissent was about the wording of the recommendation, not the intent. The recommendation states that local governments should receive revenue from the sale of retail marijuana, but there is no wording for revenue allocation to local governments in Question 2, rather reimbursement for costs was specified.

Application and Licensing Requirements

Recommendations in this section include topics such as the application and evaluation process, allocation of retail marijuana establishment licenses, the impact of ownership interest below 5% and the most effective method for issuing agent cards.

Application Process

The Task Force recommends that the qualifications for licensure of a marijuana establishment and the impartial numerically scored bidding process for retail marijuana stores be maintained as in the medical marijuana program except for a change in how local jurisdictions participate in selection of locations. The Department of Taxation should rank the applicants based on an applicant's qualifications without respect to the planned location of their business. The local governments should be responsible for working with the ranked list of applicants prepared by the Department of Taxation to determine acceptable locations based on requirements within the respective jurisdiction.

If a marijuana establishment is not able to receive local jurisdiction zoning and land use approval within 18 months from the date the Department of Taxation issues the conditional license, the applicant will surrender the license back to the Department for reissuance through another application process.

There was no dissent on the recommendation.

Rating Criteria on Applications

The Task Force recommends that the impartial numerically scored process used by the medical marijuana program be revised for retail marijuana stores to remove consideration of location and focus only on the applicant qualifications for operation of a marijuana establishment. The proposed list of qualifications was ranked in order of importance to give more weight to the most important qualifications.

There was no dissent on the recommendation.

Ownership Issues/ Licensing Requirements

The Task Force recommends that Nevada Revised Statute Chapter 453A be changed to address companies that own marijuana establishment licenses in which there are owners with less than 5% ownership interest in the company. The statute should be amended to:

- Limit fingerprinting, background checks and renewal of agent cards to owners, officers and board members with 5% or less cumulatively of the company to once every five years;

- Only require owners, officers and board members with 5% or more ownership cumulatively and employees of the company to obtain agent registration cards; and
- Use the marijuana establishment's governing documents to determine who has approval rights and signatory authority for purposes of signing ownership transfers, applications and any other appropriate legal or regulatory document.

There was Task Force dissent on the recommendation. The concern with this recommendation was that by changing the requirements on fingerprinting and background checks, the state would have less knowledge of when an owner, officer or board member commits an offense not allowed under current marijuana law, potentially creating a less safe environment in the state.

Monopolies - Limitations on the Number of Marijuana Establishments

The Task Force recommends that limitations similar to those in the medical marijuana program for granting establishment registration certificates be used for the retail marijuana licensing process. The recommendation applies this limitation specifically to retail marijuana stores not only in a county whose population is 100,000 or more but also in each local jurisdiction within that county. The recommendation is to adopt regulations like Nevada Revised Statute Chapter 453A.326 which places a limitation on the number of licenses issued to any one person. Suggested language includes: "to prevent monopolistic practices, the Department shall ensure, in a county whose population is 100,000 or more, that it does not issue, to any licensee, the greater of:

- One retail store license; or
- More than 10 percent of the retail store licenses allocable in the county along with the same limitation on the local governmental jurisdiction level."

There was no dissent on this recommendation.

Agent Card Requirements

The Task Force recommends that the Department of Taxation revise the current agent card application process for medical marijuana establishments to improve efficiency by allowing potential employees or volunteers to apply directly to the state to obtain registered agent cards, allow them to work while the card is pending, allow agents to obtain one card for each facility type rather than one for each establishment and allow temporary registration of a person as an establishment agent. Changes to the current Nevada Revised Statute Chapter 453A would be required.

There was Task Force dissent on the recommendation. The concern was that by changing the requirements for attaining an agent card, the state could, for a period, allow employment of an agent who did not fulfill the requirements of the program, and therefore, potentially create a less safe environment in the state.

Retail Store Allocation

The Task Force recommends that the retail marijuana store licenses allocated to the counties be distributed to the local jurisdiction(s) within those counties based on the population in the jurisdiction(s). This recommendation assures even distribution of the retail marijuana licenses to meet the needs of consumers, non-consumers, local government and industry while preventing over or under saturation of retail marijuana stores in specific areas. There would need to be adoption of regulation or statute to address this recommendation.

There was no dissent on the recommendation.

Inventory Tracking

This section addresses the need for systems that ensure marijuana establishments follow proper distribution protocols and comply with state regulations. Electronic systems implemented at all marijuana establishments and at the state will track movement from cultivation, production, distribution and retail sale to account for all marijuana at every point in the chain. With comprehensive marijuana tracking software, the state will be able to minimize product loss from potential illegal activities and ensure a safe and effective compliance culture for the state.

Inventory Control

The Task Force recommends each marijuana establishment maintain an electronic perpetual inventory system that adequately documents the flow of controlled inventory through the cultivating, production, distribution and retail sale processes, accessible by state and local regulation authorities and updated daily. This recommendation will allow state and local authorities to effectively monitor the chain of custody of marijuana products within individual establishments, between different industry establishments and from seed to sale in real time.

There was no dissent on the recommendation.

Centralized Inventory Tracking

The Task Force recommends that all marijuana establishments maintain an internal inventory control system and monitor the movement of all controlled substances between establishments. It is further proposed that the state implement a centralized seed-to-sale system to monitor all inventory in the state to aid in the identification of suspicious activity and track business transactions so that fair market values may be established pursuant to Nevadan Revised Statute Chapter 453D.

Because inventory control systems are a very important part of how the industry interfaces with regulators, the Task Force recommends that the Department of Taxation work closely with industry to develop system requirements and regulations for a robust system that is not redundant or unduly burdensome on the industry.

There was no dissent on the recommendation.

Inventory Tracking and Separation of Product

The Task Force recommends that dual licensed medical and retail marijuana establishments not be required to designate stock into separate medical and retail product categories for inventory purposes. Although some segregation and delineation may be required based on current tax structures, the Task Force recommends that, to the degree possible, all marijuana products should be inventoried and handled in a uniform manner until the

point of sale to a patient or consumer. This recommendation would allow like products to be stored together thereby aiding in more efficient operations and effective securing of inventory.

There was no Task Force dissent on the recommendation.

There was working group dissent over changing how medical marijuana is currently regulated by the Division of Public and Behavioral Health as a medicinal product. If medical marijuana continues to be viewed by the state as a medical product, regardless of the regulatory department, the product should remain separated from other marijuana products that will be sold to the general public for retail purposes.

Retail Store Operations

These recommendations consider the priorities for serving medical versus retail consumers. They identify areas in the current medical marijuana regulations that must be revised to incorporate retail marijuana sales.

Operations – Service

The Task Force recommends the Department of Taxation include provisions in regulation to give preference in a dual use licensed facility to holders of a medical marijuana card. The inconvenience for medical marijuana patients due to an increase of traffic in dual use license establishments could result in patients having to wait in long lines with retail consumers, thus creating a hardship on those who are ill and rely on marijuana to ease their symptoms.

There was no dissent on the recommendation.

Retail Regulations

The Task Force recommends that the Department of Taxation apply the medical marijuana program regulations to the retail marijuana store program, with an understanding that many of the medical marijuana dispensary transactional requirements do not fit into the retail model or are not compatible or consistent with Question 2. The following topics will need revision through regulation for retail marijuana stores:

- Application to operate the establishment;
- Entry and identification of patients/retail consumers;
- Maintenance of patient records;
- Method of tracking sales;
- Labeling;
- Purchase limits; and
- Agent responsibilities and training requirements.

There was agreement by the Task Force that retail regulations can be no less strict than the medical marijuana regulations.

There was no dissent on the recommendation.

Cultivation Operations

The topics in this group recommend a closer working relationship with the Department of Agriculture to elevate cultivation practices and address outdoor cultivation. A broad variety of subjects were considered including buffer zones and security around outdoor cultivation areas, home cultivation, pesticides and safety, product acquisition, supply management and internal product testing.

Outdoor Cultivation - Buffer Zone

The Task Force recommends that the Department of Taxation through regulation establish a buffer zone of at least five miles between outdoor or indoor marijuana cultivation facilities, unless the Nevada Department of Agriculture grants a variance. This recommendation includes locations for cultivation of marijuana crops and industrial hemp. The recommended buffer zone would limit the possibility of female hemp species with less than 0.3% THC from being pollinated by marijuana plants cultivated for medicinal/adult consumption that contain more than 0.3% THC.

There was no dissent on the recommendation.

Home Cultivation

The Task Force recommends that the Department of Taxation draft applicable Nevada Administrative Code sections to establish clear and practical guidelines for marijuana cultivated for personal use and apply the same safety regulations as marijuana sold by marijuana establishments. Specifically,

- Individuals who cultivate marijuana must be registered with the Department of Taxation;
- Personal use cultivated marijuana is subject to the same quality standards, set forth by the Department of Taxation, as commercially cultivated marijuana, including but not limited to pesticides, heavy metal, microbial and mycotoxin contamination levels; and
- Untested personal use cultivated marijuana that is given or delivered and that has not been tested by an independent laboratory must be clearly labeled: “This marijuana is not tested and may contain harmful pesticides and other contaminants.”

If there is a complaint with given or delivered personal use marijuana, an independent laboratory or the Nevada Department of Agriculture may test the product. If the product is found to have levels of contaminants exceeding the limits set forth by the Nevada Department of Agriculture, the Division of Public and Behavioral Health, or any other applicable agency, the Department of Taxation may take reasonable action against the cultivator.

There was no dissent on the recommendation.

Pesticide Application and Worker Protection Standards

The Task Force recommends the Department of Taxation establish regulations that cultivation establishments maintain compliance with Pesticide Worker Protection Standards. It further recommends certification through the Nevada Department of Agriculture Pesticide Certification Program of at least one cultivation facility staff member in the Commercial Greenhouse Category for indoor cultivation and/or the Commercial Agricultural Plant/Animal Category for outdoor cultivation. Random and/or scheduled facility visits should be conducted by NDA inspectors in conjunction with cultivation and pesticide consultations for quality assurance or for cause, such as a complaint.

There was no dissent on the recommendation.

Pesticides

To ensure uniformity, the Task Force recommends the Department of Taxation use existing statutes for pesticide application as well as existing medical marijuana cultivation statutes, regulations and policies for regulating allowable pesticides for outdoor and indoor cultivation of marijuana.

There was no dissent on the recommendation.

Outdoor Cultivation - Security Requirements

To ensure outdoor cultivation is adequately monitored the Task Force recommends that the security requirements for outdoor cultivation be similar to the current medical marijuana cultivation requirements. Additional regulations should include provisions requiring a facility:

- To be located within a 15-minute response time of local law enforcement or as otherwise determined by local law enforcement to be an acceptable response time;
- To install an alarm system and cameras monitored 24 hours a day;
- Construct a double perimeter wall or fence system; and
- Provide a secure block building suitable to dry and store marijuana and marijuana products and with prescribed security requirements as approved by the Department of Taxation.

There was both Task Force and working group dissent on the recommendation. Dissent involved concern that the 15-minute law enforcement response time forces a would-be cultivator into conflict with zoning laws and visibility restrictions and effectively eliminates all rural agricultural land that could otherwise be used for outdoor cultivation. It is not reasonable to add provisions that make it effectively impossible to find a suitable location or make it economically impossible to operate an outdoor cultivation facility. Some of the provisions of the recommendation appear to be too stringent.

Product Acquisition

The Task Force recommends the Department of Taxation adopt regulations similar to medical marijuana for product acquisition, specifying that marijuana establishments should only be able to acquire marijuana, edible marijuana products or marijuana-infused products from:

- Another marijuana establishment;
- A person who holds a valid registry identification card or his or her designated primary caregiver;
- Seeds that are legally purchased pursuant to Nevada Revised Statute Chapter 453D; or
- A home grower registered with the Nevada Department of Agriculture.

The recommendation also requires product acquisition be tracked by establishments in an inventory tracking system.

There was no dissent on the recommendation.

Cultivation Supply Management

The Task Force recommends the Department of Taxation annually evaluate the marijuana market supply to assure market stability. The Task Force recommends approving retail marijuana cultivation establishment requests to existing medical marijuana establishments at a ratio of 1 to 1, giving approved and provisional license holders the opportunity to expand into the new market and create sufficient supply to meet the demand of retail users. The Task Force believes the supply in the long run will meet market demand without the need to approve additional cultivation licenses in the State of Nevada. An oversupply could push wholesale prices down, lowering projected tax revenues for the state, and potentially cause diversion of product to the black market.

There was Task Force dissent on the recommendation. The dissenting perspective is that the recommendation limits free market enterprise, provides a barrier to entry into the marijuana market and limits the ability of local jurisdictions to make the decision to allow additional cultivation facilities in their areas.

Microbial Testing Limits

The Task Force recommends the Department of Taxation consider changing the current microbial testing limits from the American Herbal Pharmacopeia (AHP) to the American Herbal Product Association (AHPA), by adopting the American Herbal Production Association Standards for marijuana cultivation. This recommendation allows cultivators to grow using organic methods and provides more options in using organic bio-pesticides rather than using synthetic pesticides. The recommendation would require changes in current Nevada Administrative Code for medical marijuana cultivation to align with this recommendation for retail marijuana cultivation.

There was no dissent on the recommendation.

Internal Product Evaluation Standards and Procedures

The Task Force recommends allowing cultivators and production/manufacturing establishments to set aside a specific small amount of each lot's inventory to be disseminated at no cost to agents of the cultivation establishment for internal testing. The intent of this recommendation is to allow cultivators to "test" or "sample" their product prior to sale or complete testing by an external entity. New regulations would need to be adopted for this recommendation.

There was no dissent on the recommendation.

Production/Manufacturing Operational Requirements

Marijuana production and manufacturing establishments need to ensure that the workplace is monitored and fully compliant with a set of standards, rules and regulations aimed at creating and maintaining safe facilities. The medical marijuana regulations provide a foundation for the production requirements for the retail market. New recommendations focus on production of marijuana outside of licensed facilities and the proper disposal of marijuana products and waste.

Production Outside of Licensed Facilities

The Task Force recommends that changes be made to Nevada Revised Statutes and Nevada Administrative Code to allow production of concentrated, infused, and/or edible marijuana products outside of licensed facilities, but strictly prohibit the use of any non-edible solvents or chemicals which may be deemed dangerous, volatile or flammable. These solvents and chemicals include but are not limited to butane, propane, hexane and alcohol.

There was Task Force dissent on the recommendation. The dissenting position is that home production of marijuana products is currently illegal in the state and it should remain illegal to process marijuana in the home.

Disposal of Marijuana Products and Waste

The Task Force recommends that the Department of Taxation adopt regulations establishing clear and specific procedures regarding disposal of marijuana products and waste and penalties for failure to abide by the prescribed disposal methods. The Task Force also recommends that, in instances where establishments need to dispose of marijuana products, there should be no allowance for a refund of the excise tax.

There was no dissent on the recommendation.

Laboratory Operations

Topics in this section include recommendations to promote the health and safety of the consumer by vetting laboratories through an accreditation, validation and auditing process, adopting proficiency requirements, and setting requirements for inventory control, sample sizes, homogeneity testing and adulterants.

Accreditation, Validation and Auditing

The Task Force recommends that the Department of Taxation address through regulation enhanced requirements for quality lab results that promote the health and safety of the consumer. The recommendation encompasses five areas:

- Licensing by the state and accreditation to the ISO/IEC 17025 standard of laboratory operations that perform testing of marijuana and marijuana-derived products;
- Auditing and certification of independent testing labs by the Nevada Department of Agriculture;
- Participation of independent testing labs in proficiency testing and Nevada Department of Agriculture round robin events;
- Random collection and testing of equitable surveillance samples by the Nevada Department of Agriculture with the goal of preventing sample tampering by producers and inadvertently or fraudulently inaccurate test results from independent testing labs; and
- A tiered enforcement system to give laboratory compliance enforcement a structure so that repeated violations or exceptionally egregious violations result in actionable enforcement against offending laboratories.

There was no dissent on the recommendation.

Proficiency Testing

The Task Force recommends that the Department of Taxation establish practical guidelines for standardization of testing laboratories. The Department of Taxation should adopt the proficiency requirement from the medical marijuana program and allow the Departments of Taxation and Agriculture to improve the testing program as it moves forward. The Department of Taxation should require independent testing labs, as part of being issued or renewing a medical or retail marijuana establishment registration license, to have already successfully passed the proficiency testing program. Once an independent testing lab is licensed, unsuccessful performance in a proficiency test may result in limitation, suspension or revocation of the medical or retail marijuana establishment registration license.

There was no dissent on the recommendation.

Inventory Control

The Task Force recommends that inventory control for independent testing labs follow the same requirements as the medical marijuana program. In addition, labs should keep failed sample retains or any random sample collected by the Department of Agriculture for confirmation testing until prescribed disposition. Samples in retain should be stored in a manner approved by the accrediting body. The recommendation clarifies the inventory control requirements regarding the proper accounting of materials containing marijuana.

There was no dissent on the recommendation.

Sample Sizes for Testing and Retention

The Task Force recommends the Department of Taxation initially adopt the medical marijuana policies, regulations and statutes first adopted by the Division of Public and Behavioral Health that establish batch/lot size, testing tolerances and testing requirements for independent testing laboratories. Then, within 18-24 months, the regulations should be reviewed and amended based on accumulated data from ISO accredited laboratories and the Nevada Department of Agriculture to phase in the use of statistically significant sample sizes while increasing the lot size to minimize the fiscal impact on cultivators and consumers.

There was Task Force dissent on the recommendation. Concern was voiced that this recommendation could potentially delay the curing process by a few days, therefore, making the testing process less efficient.

Homogeneity Testing and Adulterants

The Task Force recommends that the Department of Taxation establish practical guidelines for standardization of edible marijuana product approval, testing, and reporting procedures to ensure homogeneous edible products upon which consumers can rely. This recommendation should be implemented through a Nevada Department of Agriculture policy that includes establishing allowable variation including weight and homogeneity between the independent testing lab results and the intended dosage.

There was Task Force dissent on the recommendation. The dissenting member(s) expressed concern with allowing a variance for the intended dosage for edibles and how this could affect public safety.

Distribution and Transportation

Question 2 tasks the Department of Taxation with developing regulations for the newly created distributor license. The Act requires those who transport marijuana and marijuana products to retail marijuana stores have a current valid license to operate as a marijuana distributor. Topics in this section include commercial transport, storage, the application process for the distributor licenses and local jurisdiction involvement in transportation.

Commercial Transportation and Storage – Operational Requirements

The Task Force recommends that regulations be developed for the operational requirements for licensed marijuana distributors including licensing requirements specific to distributors and their employees, load restrictions, vehicle and transportation requirements, issues regarding theft and document retention. These recommendations will require changes to both regulation and statute.

There was no dissent on the recommendation.

Storage Requirements

The Task Force recommends that the Department of Taxation develop regulations regarding the requirements for storage of marijuana at a licensed distributor. The summary of the recommendation includes the following:

- Marijuana must be stored in a secure, locked device, cabinet or room or locked transportation vehicle within an enclosed, locked facility;
- Distributor premises shall be made available for inspection by the Department during normal business hours without notice;
- Marijuana products shall not be stored with the distributor for more than three days without written consent from the Department. If the product is removed from the vehicle for storage, the inventory shall be verified following off-load and prior to on-load; and
- The tracking system requirements shall be consistent with current Nevada Administrative Code 453A requirements for establishments.

There was no Task Force dissent on the recommendation.

There was working group dissent on the recommendation due to concerns over allowing any storage of marijuana.

Application Process for a Distributor License

The Task Force recommends the development of a regulatory structure and administrative code specific to licensed distributors. The Task Force further recommends that the Department of Taxation accept marijuana distributor applications from individuals or entities meeting at least one of the following criteria:

- A liquor wholesaler dealer licensed pursuant to Nevada Revised Statute Chapter 369;
- A medical marijuana establishment that holds a registration certificate pursuant to Nevada Revised Statute Chapter 453A.322 (5);
- A marijuana establishment licensed pursuant to Nevada Revised Statute Chapter 453A; or
- Applicants who are currently in the business of transporting medical marijuana and whose employees hold valid agent cards pursuant to Nevada Revised Statute Chapter 453A.332(a).

The Task Force also recommends development of regulations for distributors that are consistent with the requirements of current medical marijuana establishments including application requirements, approval and denial of applications, suspension and revocation of licenses, complaints and violations, background check requirements and inspection requirements.

There was no Task Force dissent on the recommendation.

Working group dissent was due to concerns that the recommendation creates additional burdens and shows bias against current liquor distributors in applying and operating as marijuana distributors.

Local Jurisdiction Involvement in Transportation

The Task Force recommends the Department of Taxation provide guidance and support to law enforcement for addressing legal marijuana transportation in the State of Nevada to include the following:

- To expedite traffic stops and ensure officer safety, marijuana establishment agent cards should be accessible through a centralized system available 24 hours a day to law enforcement in the field; and
- Direction and education on the topic of legal transportation of marijuana should be provided to all law enforcement agencies within the state, including those jurisdictions that do not support or do not have marijuana establishments.

Addition of agent card information to the central repository will require changes to Nevada Revised Statute Chapter 179A. Allocation of funding will be required by the Department of Taxation for the ongoing maintenance of the central repository, as well as for developing education for law enforcement regarding lawful transportation of marijuana.

There was no dissent on the recommendation.

Delivery

The Task Force recommends that the Nevada Legislature, Department of Taxation, and local governments enact laws and ordinances that would support and facilitate an efficient and convenient delivery system to adult marijuana consumers by marijuana establishments while protecting public safety, including:

- Implementing a safe and convenient delivery system that supports the effort to reduce or shut down the illegal unregulated market;
- Licensing of delivery services by the Department of Taxation and local jurisdiction so consumers know that the delivery service is legal; and
- Adapting regulations governing deliveries from the medical marijuana program such as trip plans, trip logs, theft reports, verification of age, possession of proof that the person is a registered agent of a marijuana establishment, to accommodate mandates set forth in Question 2.

There was no dissent on the recommendation.

Packaging, Labeling, Potency Limitations

Recommendations in the section include packaging requirements, serving sizes and packaging limitations, product types and their equivalencies, serving size and labeling of edibles, and uniform potency labeling.

Packaging Requirements

The Task Force recommends the Department of Taxation address production and packaging requirements of retail edible marijuana products and retail marijuana-infused products in regulation. Local governments should defer to state regulations. Nevada Administrative Code 453A should be adapted for the retail program and include new language to:

- Ensure that edible products and their packaging do not appeal to children;
- Prescribe that product labels clearly and unambiguously state the product contains marijuana with information on the serving size, number of servings in the package and the concentration of THC;
- Require that single serving edible products are stamped or molded with a symbol indicating marijuana, or if not possible, are placed in an individual opaque wrapping which includes a symbol indicating marijuana; and
- Require that edible products or marijuana infused products are placed in a child-resistant container prior to sale.

There was Task Force dissent on the recommendation. The dissenting concern was that the recommendation is unduly burdensome to production and manufacturing establishments.

Serving Sizes and Packaging Limitations

The Task Force recommends the Department of Taxation limit through regulation the edible serving size to 10mg of THC and 100mg of total THC per edible product for the retail market.

- A single-serving edible retail marijuana product should be defined as an edible retail marijuana product unit for sale to consumers containing no more than 10mg of active THC;
- If the edible retail marijuana product consists of multiple pieces where each individual piece may contain less than 10mg active THC, yet in total all pieces combined within the unit for sale contains more than 10mg of active THC with a variance of +/- 15%, then the edible retail marijuana product shall be considered a multiple-serving edible retail marijuana product; and
- Liquid child-resistant containers must maintain their child-resistant effectiveness for multiple openings and the label must clearly demark each serving of marijuana in a way that enables a reasonable person to intuitively determine how much of the product a single serving constitutes.

There was no dissent on the recommendation.

Product Types and Their Equivalencies

The Task Force recognizes that due to the possession and purchase limits put in place by Question 2 for marijuana and concentrated marijuana, there may be confusion regarding the difference between marijuana flower, marijuana edibles, and marijuana concentrates and the impact on allowable possession limits. To help eliminate confusion the recommendation suggests that:

- Regulation language should clarify that topical and edible marijuana possession and purchase restrictions are not outlined in 453D.110 (1);
- Edible marijuana-infused products should be regulated by stringent THC limits related to serving size and packaging limitations as outlined in other working group recommendations;
- Topical products should not be included in the possession and purchase limits as they are not used in a manner that would activate the psychoactive effects of THC;
- Equivalency factors should be developed to determine compliance with possession limits when customers purchase a mixture of marijuana products (concentrated marijuana, marijuana-infused edible products, and marijuana flower);
- A training program should be developed and administered to law enforcement so that a clear distinction between product types can be made in the field; and
- Retail stores should develop and administer training to management and their sales staff on sales limitations of marijuana products and concentrate, and the likely combinations thereof.

There was Task Force dissent on the recommendation. Concern was expressed that law enforcement should not be expected to routinely determine equivalency factors.

Serving Size and Labeling of Edibles

The Task Force recommends that the Department of Taxation establish through regulation practical guidelines for standardization of edible marijuana product approval, testing, and reporting to provide clarification to the industry and the retail consumer on serving size and labeling of edible products. Per previous recommendations accepted by the Task Force regarding a 10mg serving, it is critical to specify how 10mg of THC is calculated. The Task Force recommends that an allowable variation in milligrams of d9-THC per serving be determined by the Department.

Marijuana contains the following most common forms of THC:

- THCA and d9-THC;
- d9-THC is the psychoactive cannabinoid that produces the “high.” THCA is the non-psychoactive cannabinoid; and
- THCA can be decarboxylated to the psychoactive form d9-THC by heating or burning.

The recommendation is that edibles use the d9-THC form for calculation and labeling.

There was no dissent on the recommendation.

Uniform Potency Labeling

The Task Force recommends that there be uniform requirements for the prominent printing of THC content on packaging or labeling separate from the labels that carry the mandated lab test result data, etc., that address public health and public safety. Separate labels make it easy for the consumer to see the THC content. Further, the THC variance must be adopted as standard and should also be required to be printed on the packages and/or labels. The Task Force further recommends that these requirements be initial requirements only, and that the Department of Taxation should be empowered to amend the packaging and labeling requirements related to potency as new information becomes available.

There was no dissent on the recommendation.

Signage, Marketing and Advertising

The first set of recommendations in this section place restrictions on advertising by marijuana establishments to reduce or prevent advertising of retail marijuana that would be appealing to minors. The second set deals with educating patients and consumers through literature and signage on serving sizes and warnings regarding the use of marijuana.

Signage, Marketing and Advertising

The Task Force recommends that the Department of Taxation impose restrictions on advertising by marijuana establishments through regulation and policy to prevent marijuana usage by persons under the age of 21. All marijuana advertisements should be approved by the Department of Taxation. Specific restrictions include:

- Preventing advertising designed to appeal to or target children or persons under 21 years of age, in any media whose audience is reasonably expected to be composed of more than 30% youth;
- Preventing advertising within one thousand feet of school grounds, playgrounds, public parks, libraries, on or in a public transit vehicle or public transit shelter, at sports and entertainment events that are not restricted to persons 21 or older or where prohibited by local government ordinance;
- Preventing of advertising of "free" or "donated" product without a purchase;
- Ensuring all advertising contains warning messages including “Keep out of the reach of children” and “For use only by adults 21 years of age and older or with a medical marijuana card;” and
- Ensuring signage in stores includes the following messages “No minors on the premises unless accompanied by a caregiver” and “No on-site consumption of any marijuana products is allowed.”

There was no Task Force dissent on the recommendation.

Concern in the working group was regarding whether that the language of the recommendation supports Guiding Principle 1 – to promote the health, safety, and well-being of Nevada’s communities. To limit exposure to marijuana products among minors, consideration should be given to implementing the same types of marketing and advertising limitations that have been effectively placed on tobacco and alcohol products to prevent youth initiation and use.

Literature Shared with the Patient/Consumer

The Task Force recommends that the Department of Taxation require, upon each purchase in a retail establishment or dual license establishment, that the establishment make available to the consumer an educational leaflet. Information should also be posted on signage in retail stores. Warnings should include:

- Information on serving size and suggestions for consumption that assist consumers to gauge impairment; and

- Warnings that consumption is only allowed by those who are 21 and over or with a medical marijuana card and that marijuana must be kept away from children.

There was no dissent on the recommendation.

Education and Research

Recommendations in this section deal with increasing public knowledge and awareness and promoting and protecting public health through comprehensive education and research programs. Recommendation topics include education, research, data collection, oversight and responsible agent training, federal property and funding.

Education

The Task Force recommends the Department of Taxation develop, support and fund education and training to the citizens of Nevada specific to retail marijuana and its impacts. Safety and education campaigns should be informed by the experience of other states that have developed effective messages on the safe, legal and responsible use of retail marijuana. Education should be provided to the public at large, consumers, visitors, workplace employers and employees, health care professionals and the industry. This recommendation also supports the collection of baseline data to determine impacts on the emerging issues associated with the legalization of retail marijuana and support research and/or monitor emerging science.

There was no dissent on the recommendation.

Research

The Task Force recommends that the State of Nevada establish and fund a program of research to evaluate and assess the immediate and long-term impact of the legalization of marijuana use and the effect on public health in Nevada. This program of research and data collection should include clinical and observational research, health policy and health economics research, and public health and public safety research.

A funding mechanism would need to be established by the Department of Taxation.

There was no dissent on the recommendation.

Data Collection

The Task Force recommends development of a strategic plan for implementation of an on-going multi-jurisdictional data collection, management, extraction, comparison and reporting process to evaluate the impacts of retail marijuana on public welfare, health and safety. The Department of Taxation will need to identify the data that should be collected. The Department will also need to identify what, if any, changes to state law need to be made to accomplish the collection and management of data.

There was no dissent on the recommendation.

Oversight and Responsible Agent Training

The Task Force recommends that the current training for marijuana establishment agents be built upon to ensure the health, safety and well-being of the consumers of retail products. To obtain a marijuana agent card, any agent of a retail marijuana establishment will be required to take a marijuana education course, in addition to what is currently required in Nevada Administrative Code 453A.336 for medical marijuana establishments. This course should meet the minimum standard requirements as determined by the Department of Taxation. Proof of successful completion must be submitted to the Department of Taxations before an agent begins unsupervised employment.

There was both Task Force and working group dissent on the recommendation. The dissent concerned the administration of additional training being offered through an outside vendor.

Federal Property and Funding

The Task Force encourages action by the Department of Taxation to maintain compliance with the Controlled Substance Act and Drug-Free Workforce Act of 1988 for federal funding awards to Nevada applicants, and further recommends a program to educate residents and visitors to the State of Nevada on the Controlled Substance Act for use and possession of marijuana on federal land.

The Task Force also recommends that Nevada State Representatives in Washington D.C. pursue working with the other western states that have legalized marijuana in a cooperative effort to ensure the federal government recognizes the multi-state cooperative effort to minimize legal differences and to reduce potential regulatory confusion.

There was no dissent on the recommendation.

Law Enforcement

Recommendations in this section include driving under the influence of drugs, marijuana in correctional facilities, open container and personal transport, request for evidentiary testing and restrictions for firearms.

Driving Under the Influence of Drugs (DUID)

The Task Force recommends that the state emphasize public safety through training, improved data collection and review of scientific findings. Specific recommendations include:

- Initiating a media campaign to educate the motoring public on the effects of marijuana and the consequences of driving under the influence;
- Training law enforcement officers to detect levels of impairment;
- Improving data collection through increased drug screening; and
- Ensuring that Nevada's per se limits are consistent with scientific findings.

There was Task Force dissent on the recommendation. The concern was about the cost of the recommendation and a lack of funding for additional training for local law enforcement.

Statutory Changes

The Task Force recommends a statutory change to Nevada Revised Statute Chapter 453.411 - Unlawful use of controlled substance; penalties. The recommendation decreases the penalty for a person less than 21 years of age determined to be under the influence of marijuana from a felony to a misdemeanor.

There was no dissent on the recommendation.

Marijuana in Correctional Facilities

The Task Force recommends that the state expand existing Nevada Revised Statutes that prohibits possession of marijuana or marijuana products to apply not only to a prisoner confined in an institution of the Nevada Department of Corrections but also to a person detained in any local, county or city jail or detention center. Additionally, this recommendation seeks to include new language to make possession of marijuana paraphernalia by a person in correctional centers prohibited by law. The law should be further amended to clearly articulate and apply the statutory authority to "prisoners" held in custody under process of law, or under lawful arrest in local, city or county jails or detention centers.

There was no dissent on the recommendation.

Open Container and Personal Transport

The Task Force recommends that the legislature add language to an existing Nevada Revised Statute for Open Container/Personal Transportation to clarify that it is unlawful for a person to ingest marijuana, concentrated marijuana, edibles or THC-infused drinks while the person is driving or in actual physical control of a motor vehicle upon a highway or where the public has access. Additional language should be added to clarify that it is unlawful for a person to have drug paraphernalia, concentrated marijuana, edibles or THC-infused drinks within the passenger area of a motor vehicle while the motor vehicle is upon a highway.

There was no dissent on the recommendation.

Request for Evidentiary Testing

The Task Force recommends standardization of forms for evidentiary testing across the state that includes the following language:

> "I have reasonable grounds to believe you were driving or in actual physical control of a motor vehicle while under the influence of alcohol and/or Marijuana and/or controlled substances. You may submit to evidentiary testing. Refusing to submit to evidentiary testing will result in a revocation of your driver's license/driving privilege by the Nevada Department of Motor Vehicles and I may apply for a search and seizure warrant from the court for evidentiary testing. If the search and seizure warrant is granted by the court, reasonable force may be used to obtain an evidentiary test. You do not have the right to speak with an attorney prior to testing. Will you submit to evidentiary testing?"

There was no Task Force dissent on the recommendation.

There was objection in the working group to use of the word "submit" in the recommended language instead of the word "consent" which is a legal term that is used to determine when a person voluntarily agrees to the action being asked of them by a law enforcement officer.

Fees Associated with DUID

The Task Force recommends an update to Nevada Revised Statute Chapter 484.510 to allow the state to collect fines and fees from the court in accordance with the cost of chemical tests.

There was no dissent on the recommendation.

Restrictions and Minimum Security Standards Regarding Firearms

The Task Force recommends modifying Nevada Revised Statutes for dangerous weapons to include marijuana establishments to the list of places where a person cannot carry a firearm. An exception should be granted to peace officers, licensed security guards on duty at said location or owners of the licensed marijuana establishment.

There was Task Force and working group dissent on the recommendation. Task Force dissent included opposition to allowing any firearms in marijuana establishments and allowing local jurisdictions to make the decision regarding allowing firearms in the marijuana establishments. Working group dissent concerned the fiscal impact on current in-house security for existing medical dispensaries because of the verbiage in the recommendation requiring establishments that want to employ armed security guards to engage "licensed" security guards.

Public Safety

Recommendations in this section include preventing distribution to minors, diversion, dispensing machines, banking, revenue for public safety, the Clean Air Act, edible marijuana, worker's compensation, and medical and clinical Issues related to health and safety.

Preventing Distribution to Minors

The Task Force recommends that the state focus on prevention efforts pertaining to distribution to minors by:

- Adapting Nevada Revised Statute Chapter 453 statutes regarding requirements for medical marijuana establishments pertaining to security personnel during business hours, ID check stations, video surveillance and locked access to inventory to be applied to retail establishments;
- Prohibiting all use of self-service machines such as vending machines for the purchase and dispensing of marijuana products;
- Creating policy to reduce or prevent certain advertising of retail marijuana that would be appealing to minors; and
- Creating a structure for graduated civil and/or criminal penalties for knowingly selling or giving marijuana to a person under 21 years of age

Legislation would be required for retail establishment restrictions, civil and criminal penalty structures and judicial guidelines for treatment orders.

There was no dissent on the recommendation.

Preventing Diversion to Other States

The Task Force recommends that the state develop a comprehensive plan for preventing marijuana diversion to outside states, which is an enforcement priority for the federal government. The following recommendations will support prevention of marijuana diversion to other states:

- Develop public service announcements and other signage, in and/or near retail stores, informing marijuana consumers that travelling into other states with marijuana and other related products is unlawful;
- Partner with members of the travel and parcel industry to educate their patrons and foster cooperation when criminal activity is detected;
- Encourage and strengthen criminal interdiction efforts on interstate traffic routes;
- Promote the understanding that marijuana possession over a certain quantity is still a felony crime with various legal consequences;

- Enforce both criminal and civil penalties against any marijuana establishment that knowingly or negligently is found to be involved in selling large amounts of marijuana to those who travel out of state; and
- Monitor the impact of marijuana being transported out of state.

There was no dissent on the recommendation.

Revenue for Public Safety

The Task Force recommends that the Department of Taxation and each locality be required to develop a plan outlining how the revenue collected from retail marijuana will be used to carry out the implementation of Question 2 with a priority on public safety and law enforcement.

Local impacts include responding to complaints, allegations of criminal conduct and crimes directed at the industry and dealing with crimes occurring outside of industry related to retail marijuana. These impacts will require additional police resources, investigators, training requirements and purchase of equipment.

There was Task Force dissent on the recommendation. Dissent was related to how the revenue from marijuana legalization is spent should be the decision of the local jurisdiction.

Dispensing Machines

The Task Force recommends prohibiting marijuana products from being dispensed from self-service vending machines. This recommendation ensures that direct sales of marijuana products are made between the consumer and a retail marijuana establishment sales person to allow for verification of the identity and age of the buyer. This will assist with keeping marijuana products out of the hands of juveniles and allow the retail sales person to have direct contact with a consumer, answer questions and determine if the sale is appropriate.

The Nevada Legislature would need to prohibit self-service vending machines that dispense marijuana products in statute.

There was no dissent on the recommendation.

Banking

The Task Force recommends that the Legislature consider passing a bill that provides financial institutions protection from criminal liability for providing financial services to licensed marijuana businesses. It should also allow the agency to share registrant/licensee information with state banks if they request it. While the legislation would protect banks from what would have been violations of state banking law, the effect would be minimal

because federal banking laws largely govern these institutions. The Task Force also recommends that the State of Nevada allow credit unions with state charters to provide services to marijuana businesses in Nevada.

There was no dissent on the recommendation.

Clean Air Act

The Task Force recommends that marijuana smoke be included in the Nevada Clean Indoor Air Act. The recommendation would provide for safer and healthier indoor air in businesses and public areas. This recommendation would require legislative action.

There was no dissent on the recommendation.

Edible Marijuana

The Task Force recommends that changes be made in Nevada Revised Statute language authorizing the health authorities in Nevada to regulate the production and labeling of edible marijuana products for safety of consumption. Each regulatory authority (Carson City Health and Human Services, Washoe County Health District, the Division of Public and Behavioral Health, and the Southern Nevada Health District) needs to develop and have approved regulations consistent with their current authorities and regulations related to edible marijuana. This includes both medical and retail marijuana products.

Nevada Revised Statutes will need to be addressed to authorize the health authorities to create regulations.

There was no dissent on the recommendation.

Health and Safety – Medical and Clinical Issues

The Task Force recommends that steps be taken to resolve health and safety issues of consumers by encouraging medical professionals and healthcare providers to bring forward issues created by the legalization of retail marijuana that need to be considered. Examples include:

- Treatment programs for individuals needing substance abuse treatment will need to be assessed to ensure they will meet the needs of the state once retail marijuana sales begin;
- Poison control centers will need to be made aware of intoxication issues and where access to professional expertise exists;
- Medical providers will need to consider incorporating THC levels into routine patient blood work for chronic users; and
- A website will need to be created as an information repository with appropriate links to research articles and relevant links to health, treatment and outcomes.

There was no dissent on the recommendation.

Workers Compensation

This Task Force recommends that the state address the rules and regulations about ensuring worker's compensation and employer/employee safety as they pertain to the legalization of retail marijuana. This recommendation addresses workplace injuries and possible denial of coverage on claims. The following should be addressed:

- Providing updates to Nevada Revised Statute language regarding denial of insurance claims for employees working under the influence of marijuana or those injured by others under the influence of marijuana; and
- Outlining responsibilities of worker's compensation carriers, private insurance carriers and health care providers in regards to workman's compensation benefits which may be denied, reduced or suspended based on evidence of and examination for use of controlled substances.

There was no dissent on the recommendation.

Appendices

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A. Question 2

INITIATIVE TO REGULATE AND TAX MARIJUANA

THE PEOPLE OF THE STATE OF NEVADA DO ENACT AS FOLLOWS:

Sec. 1. Short Title. Sections 1 to 18, inclusive, of this act may be cited as the Regulation and Taxation of Marijuana Act.

Sec. 2. Preamble. In the interest of the public health and public safety, and in order to better focus state and local law enforcement resources on crimes involving violence and personal property, the People of the State of Nevada find and declare that the use of marijuana should be legal for persons 21 years of age or older, and its cultivation and sale should be regulated similar to other legal businesses.

The People of the State of Nevada declare that the cultivation and sale of marijuana should be taken from the domain of criminals and be regulated under a controlled system, where businesses will be taxed and the revenue will be dedicated to public education and to the enforcement of the regulations in this act.

The People of the State of Nevada proclaim that marijuana should be regulated in a manner similar to alcohol so that:

(a) Marijuana may only be purchased from a business that is licensed by the State of Nevada;

(b) Business owners are subject to a review by the State of Nevada to confirm that the business owners and the business location are suitable to produce or sell marijuana;

(c) Cultivating, manufacturing, testing, transporting, and selling marijuana will be strictly controlled through state licensing and regulation;

(d) Selling or giving marijuana to persons under 21 years of age shall remain illegal;

(e) Individuals will have to be 21 years of age or older to purchase marijuana;

(f) Driving under the influence of marijuana will remain illegal; and

(g) Marijuana sold in the state will be tested and labeled.

Sec. 3. Definitions. As used in sections 1 to 18, inclusive, of this act, unless the context otherwise requires:

1. "Community facility" means a facility licensed to provide day care to children, a public park, a public playground, a public swimming pool, a center or facility the primary purpose of which is to provide recreational opportunities or services to children or adolescents, or a church, synagogue, or other building, structure, or place used for religious worship or other religious purpose.

2. "Concentrated marijuana" means the separated resin, whether crude or purified, obtained from marijuana.

3. "Consumer" means a person who is 21 years of age or older who purchases marijuana or marijuana products for use by persons 21 years of age or older, but not for resale to others.

4. "Department" means the Department of Taxation.

5. "Dual Licensee" means a person or group of persons who possess a current, valid registration certificate to operate a medical marijuana establishment pursuant to Chapter 453A of NRS and a license to operate a marijuana establishment under sections 1 to 18, inclusive, of this act.

6. “Excluded felony offense” means a conviction of an offense that would constitute a category A felony if committed in Nevada or convictions for two or more offenses that would constitute felonies if committed in Nevada. “Excluded felony offense” 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; or

(b) An offense involving conduct that would be immune from arrest, prosecution, or penalty pursuant to Chapter 453A of NRS, except that the conduct occurred before the effective date of Chapter 453A of NRS, or was prosecuted by an authority other than the State of Nevada.

7. “Locality” means a city or town, or, in reference to a location outside the boundaries of a city or town, a county.

8. “Marijuana” means 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, and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. “Marijuana” does not include:

(a) The mature stems of the plant, fiber produced from the stems, oil, or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stems (except the resin extracted therefrom), fiber, oil, or cake, the sterilized seed of the plant which is incapable of germination; or

(b) The weight of any other ingredient combined with marijuana to prepare topical or oral administrations, food, drink, or other products.

9. “Marijuana cultivation facility” means an entity licensed to cultivate, process, and package marijuana, to have marijuana tested by a marijuana testing facility, and to sell marijuana to retail marijuana stores, to marijuana product manufacturing facilities, and to other marijuana cultivation facilities, but not to consumers.

10. “Marijuana distributor” means an entity licensed to transport marijuana from a marijuana establishment to another marijuana establishment.

11. “Marijuana establishment” means a marijuana cultivation facility, a marijuana testing facility, a marijuana product manufacturing facility, a marijuana distributor, or a retail marijuana store.

12. “Marijuana product manufacturing facility” means an entity licensed to purchase marijuana, manufacture, process, and package marijuana and marijuana products, and sell marijuana and marijuana products to other marijuana product manufacturing facilities and to retail marijuana stores, but not to consumers.

13. “Marijuana products” means products comprised of marijuana or concentrated marijuana and other ingredients that are intended for use or consumption, such as, but not limited to, edible products, ointments, and tinctures.

14. “Marijuana paraphernalia” means any equipment, products, and materials of any kind which are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, preparing, testing, analyzing, packaging, repacking, storing, or containing marijuana, or for ingesting, inhaling, or otherwise introducing marijuana into the human body.

15. “Marijuana testing facility” means an entity licensed to test marijuana and marijuana products, including for potency and contaminants.

16. “Process” means to harvest, dry, cure, trim, and separate parts of the marijuana plant by manual or mechanical means, such as sieving or ice water separation, but not by chemical extraction or chemical synthesis.

17. “Public place” means an area to which the public is invited or in which the public is permitted regardless of age. “Public place” does not include a retail marijuana store.

18. “Retail marijuana store” means an entity licensed to purchase marijuana from marijuana cultivation facilities, to purchase marijuana and marijuana products from marijuana product manufacturing facilities and retail marijuana stores, and to sell marijuana and marijuana products to consumers.

19. “Unreasonably Impracticable” means that the measures necessary to comply with the regulations require such a high investment of risk, money, time, or any other resource or asset that the operation of a marijuana establishment is not worthy of being carried out in practice by a reasonably prudent businessperson.

Sec. 4. Limitations. 1. Sections 1 to 18 do not permit any person to engage in and do not prevent the imposition of any civil, criminal, or other penalty for:

(a) Driving, operating, or being in actual physical control of a vehicle, aircraft, or vessel under power or sail while under the influence of marijuana or while impaired by marijuana;

(b) Knowingly delivering, giving, selling, administering, or offering to sell, administer, give, or deliver marijuana to a person under 21 years of age, unless:

(1) The recipient is permitted to possess marijuana pursuant to Chapter 453A of NRS; or

(2) The person demanded and was shown bona fide documentary evidence of the majority and identity of the recipient issued by a federal, state, county, or municipal government, or subdivision or agency thereof;

(c) Possession or use of marijuana or marijuana paraphernalia on the grounds of, or within, any facility or institution under the jurisdiction of the Nevada Department of Corrections;

(d) Possession or use of marijuana on the grounds of, or within, a school providing instruction in preschool, kindergarten, or any grades 1 through 12; or

(e) Undertaking any task under the influence of marijuana that constitutes negligence or professional malpractice.

2. Sections 1 to 18 do not prohibit:

(a) A public or private employer from maintaining, enacting, and enforcing a workplace policy prohibiting or restricting actions or conduct otherwise permitted under sections 1 to 18, inclusive, of this act;

(b) A state or local government agency that occupies, owns, or controls a building from prohibiting or otherwise restricting the consumption, cultivation, processing, manufacture, sale, delivery, or transfer of marijuana in that building;

(c) A person who occupies, owns, or controls a privately owned property from prohibiting or otherwise restricting the smoking, cultivation, processing, manufacture, sale, delivery, or transfer of marijuana on that property; or

(d) A locality from adopting and enforcing local marijuana control measures pertaining to zoning and land use for marijuana establishments.

3. Nothing in the provisions of sections 1 to 18, inclusive, of this act shall be construed as in any manner affecting the provisions of Chapter 453A of NRS relating to the medical use of marijuana.

Sec. 5. Powers and duties of the Department. 1. Not later than 12 months after the effective date of this act, the Department shall adopt all regulations necessary or convenient to carry out the provisions of sections 1 to 18,

inclusive, of this act. The regulations must not prohibit the operation of marijuana establishments, either expressly or through regulations that make their operation unreasonably impracticable. The regulations shall include:

(a) Procedures for the issuance, renewal, suspension, and revocation of a license to operate a marijuana establishment;

(b) Qualifications for licensure that are directly and demonstrably related to the operation of a marijuana establishment;

(c) Requirements for the security of marijuana establishments;

(d) Requirements to prevent the sale or diversion of marijuana and marijuana products to persons under 21 years of age;

(e) Requirements for the packaging of marijuana and marijuana products, including requirements for child-resistant packaging;

(f) Requirements for the testing and labeling of marijuana and marijuana products sold by marijuana establishments including a numerical indication of potency based on the ratio of THC to the weight of a product intended for oral consumption;

(g) Requirements for record keeping by marijuana establishments;

(h) Reasonable restrictions on signage, marketing, display, and advertising;

(i) Procedures for the collection of taxes, fees, and penalties imposed by sections 1 to 18, inclusive, of this act;

(j) Procedures and requirements to enable the transfer of a license for a marijuana establishment to another qualified person and to enable a licensee to move the location of its establishment to another suitable location;

(k) Procedures and requirements to enable a dual licensee to operate medical marijuana establishments and marijuana establishments at the same location;

(l) Procedures to establish the fair market value at wholesale of marijuana; and

(m) Civil penalties for the failure to comply with any regulation adopted pursuant to this section or for any violation of the provisions of section 13 of this act.

2. The Department shall approve or deny applications for licenses pursuant to section 9 of this act.

3. The Department may by motion or on complaint, after investigation, notice of the specific violation, and an opportunity for a hearing, pursuant to the provisions of Chapter 233B of NRS, suspend, revoke, or fine a licensee for the violation of sections 1 to 18, inclusive, of this act or for a violation of a regulation adopted by the Department pursuant to this section.

4. The Department may immediately suspend the license of any marijuana establishment if the marijuana establishment knowingly sells, delivers, or otherwise transfers marijuana in violation of sections 1 to 18, inclusive, of this act, or knowingly purchases marijuana from any person not licensed pursuant to sections 1 of 18, inclusive, of this act or to Chapter 453A of NRS. The Department must provide an opportunity for a hearing pursuant to the provisions of NRS 233B.121 within a reasonable time from a suspension pursuant to this subsection.

5. To ensure that individual privacy is protected:

(a) The Department shall not require a consumer to provide a retail marijuana store with identifying information other than government-issued identification to determine the consumer's age; and

(b) A retail marijuana store must not be required to acquire and record personal information about consumers other than information typically acquired in a financial transaction conducted at a retail liquor store.

6. The Department shall conduct a background check of each prospective owner, officer, and board member of a marijuana establishment license applicant.

7. The Department shall inspect marijuana establishments as necessary to enforce sections 1 to 18, inclusive, of this act or the regulations adopted pursuant to this section.

Sec. 6. Personal Use and Cultivation of Marijuana. Notwithstanding any other provision of Nevada law and the law of any political subdivision of Nevada, except as otherwise provided in sections 1 to 18, inclusive, of this act, it is lawful, in this State, and must not be used as the basis for prosecution or penalty by this State or a political subdivision of this State, and must not, in this State, be a basis for seizure or forfeiture of assets for persons 21 years of age or older to:

1. Possess, use, consume, purchase, obtain, process, or transport marijuana paraphernalia, one ounce or less of marijuana other than concentrated marijuana, or one-eighth of an ounce or less of concentrated marijuana;

2. Possess, cultivate, process, or transport not more than six marijuana plants for personal use and possess the marijuana produced by the plants on the premises where the plants were grown, provided that:

(a) Cultivation takes place within a closet, room, greenhouse, or other enclosed area that is equipped with a lock or other security device that allows access only to persons authorized to access the area; and

(b) No more than 12 plants are possessed, cultivated, or processed at a single residence, or upon the grounds of that residence, at one time;

3. Give or otherwise deliver one ounce or less of marijuana, other than concentrated marijuana, or one-eighth of an ounce or less of concentrated marijuana without remuneration to a person provided that the transaction is not advertised or promoted to the public; or

4. Assist another person who is 21 years of age or older in any of the acts described in this section.

Sec. 7. Marijuana Paraphernalia Authorized. Notwithstanding any other provision of Nevada law and the law of any political subdivision of Nevada, it is not unlawful and shall not be an offense or be a basis for seizure or forfeiture of assets for persons 21 years of age or older to manufacture, possess, use, transport, or purchase marijuana paraphernalia, or to distribute or sell marijuana paraphernalia to a person who is 21 years of age or older.

Sec. 8. Lawful operation of marijuana establishments. Notwithstanding any other provision of Nevada law and the law of any political subdivision of Nevada, except as otherwise provided in sections 1 to 18, inclusive, of this act, or the regulations adopted pursuant to section 5 of this act, it is lawful and must not, in this State, be used as the basis for prosecution or penalty by this State or a political subdivision of this State, and must not, in this State, be a basis for seizure or forfeiture of assets for persons 21 years of age or older to:

1. Possess marijuana and marijuana products, purchase marijuana from a marijuana cultivation facility, purchase marijuana and marijuana products from a marijuana product manufacturing facility, return marijuana or marijuana products to a facility from which they were purchased, transport marijuana and marijuana products to or from a marijuana testing facility, use the services of a marijuana distributor to transport marijuana or marijuana products to or from marijuana establishments, or sell marijuana and marijuana products to consumers, if the person conducting

the activities described in this subsection has a current, valid license to operate a retail marijuana store or is acting in the person's capacity as an agent of a retail marijuana store.

2. Cultivate, harvest, process, package, or possess marijuana, sell marijuana to a marijuana cultivation facility, a marijuana product manufacturing facility, or a retail marijuana store, transport marijuana to or from a marijuana cultivation facility, a marijuana product manufacturing facility, or a marijuana testing facility, use the services of a marijuana distributor to transport marijuana to or from marijuana establishments, or purchase marijuana from a marijuana cultivation facility, if the person conducting the activities described in this paragraph has a current, valid license to operate a marijuana cultivation facility or is acting in his or her capacity as an agent of a marijuana cultivation facility.

3. Package, process, manufacture, or possess marijuana and marijuana products, transport marijuana and marijuana products to or from a marijuana testing facility, a marijuana cultivation facility, or a marijuana product manufacturing facility, use the services of a marijuana distributor to transport marijuana or marijuana products to or from marijuana establishments, sell marijuana and marijuana products to a retail marijuana store or a marijuana product manufacturing facility, purchase marijuana from a marijuana cultivation facility, or purchase marijuana and marijuana products from a marijuana product manufacturing facility, if the person conducting the activities described in this paragraph has a current, valid license to operate a marijuana product manufacturing facility or is acting in his or her capacity as an agent of a marijuana product manufacturing facility.

4. Possess marijuana and marijuana products and transfer and transport marijuana and marijuana products between marijuana establishments, if the person transporting the marijuana and marijuana products has a current, valid license to operate as a marijuana distributor or is acting in his or her capacity as an agent of a marijuana distributor.

5. Possess, process, repackage, transport, or test marijuana and marijuana products if the person has a current, valid license to operate a marijuana testing facility or is acting in his or her capacity as an agent of a marijuana testing facility.

6. Lease or otherwise allow property owned, occupied, or controlled by any person, corporation, or other entity to be used for any of the activities conducted lawfully in accordance with this section.

Sec. 9. Contracts pertaining to marijuana enforceable. It is the public policy of the People of the State of Nevada that contracts related to the operation of marijuana establishments under sections 1 to 18, inclusive, of this act should be enforceable, and no contract entered into by a licensee, its employees, or its agents as permitted pursuant to a valid license issued by the Department, or by those who allow property to be used by a licensee, its employees, or its agents as permitted pursuant to a valid license issued by the Department, shall be deemed unenforceable on the basis that the actions or conduct permitted pursuant to the license are prohibited by federal law.

Sec. 10. Certification of marijuana establishments. 1. No later than 12 months after the effective date of this act, the Department shall begin receiving applications for marijuana establishments.

2. For 18 months after the Department begins to receive applications for marijuana establishments, the Department shall only accept applications for licenses for retail marijuana stores, marijuana product manufacturing facilities, and marijuana cultivation facilities pursuant to sections 1 to 18, inclusive, of this act, from persons holding a medical marijuana establishment registration certificate pursuant to Chapter 453A of NRS.

3. For 18 months after the Department begins to receive applications for marijuana establishments, the Department shall issue licenses for marijuana distributors pursuant to sections 1 to 18, inclusive, of this act, only to persons holding a wholesale dealer license pursuant to Chapter 369 of NRS, unless the Department determines that an insufficient number of marijuana distributors will result from this limitation.

4. Upon receipt of a complete marijuana establishment license application, the Department shall, within 90 days:

(a) Issue the appropriate license if the license application is approved; or

(b) Send a notice of rejection setting forth the reasons why the Department did not approve the license application.

5. The Department shall approve a license application if:

(a) The prospective marijuana establishment has submitted an application in compliance with regulations adopted by the Department and the application fee required pursuant to section 12;

(b) The physical address where the proposed marijuana establishment will operate is owned by the applicant or the applicant has the written permission of the property owner to operate the proposed marijuana establishment on that property;

(c) The property is not located within:

(1) 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 marijuana establishment was submitted to the Department; or

(2) 300 feet of a community facility that existed on the date on which the application for the proposed marijuana establishment was submitted to the Department;

(d) The proposed marijuana establishment is a proposed retail marijuana store and there are not more than:

(1) 80 licenses already issued in a county with a population greater than 700,000;

(2) 20 licenses already issued in a county with a population that is less than 700,000 but more than 100,000;

(3) 4 licenses already issued in a county with a population that is less than 100,000 but more than 55,000;

(4) 2 licenses already issued in a county with a population that is less than 55,000;

(5) Upon request of a county government, the Department may issue retail marijuana store licenses in that county in addition to the number otherwise allowed pursuant to this paragraph;

(e) The locality in which the proposed marijuana establishment will be located does not affirm to the Department that the proposed marijuana establishment will be in violation of zoning or land use rules adopted by the locality; and

(f) The persons who are proposed to be owners, officers, or board members of the proposed marijuana establishment:

(1) Have not been convicted of an excluded felony offense; and

(2) Have not served as an owner, officer, or board member for a medical marijuana establishment or a marijuana establishment that has had its registration certificate or license revoked.

6. Competing applications. When competing applications are submitted for a proposed retail marijuana store within a single county, the Department shall use an impartial and numerically scored competitive bidding process to determine which application or applications among those competing will be approved.

Sec. 11. Expiration and renewal. 1. All licenses expire one year after the date of issue.

2. The Department shall issue a renewal license within 10 days of receipt of the prescribed renewal application and renewal fee from a marijuana establishment if its license is not under suspension or has not been revoked.

Sec. 12. Fee schedule. 1. The Department shall require each applicant for a marijuana establishment license to pay a one-time application fee of $5,000.

2. The Department may require payment of an annual licensing fee not to exceed:

For the initial issuance of a license for a retail marijuana store …… $20,000

For a renewal license for a retail marijuana store …… $6,600

For the initial issuance of a license for a marijuana cultivation facility …….. $30,000

For a renewal license for a marijuana cultivation facility …… $10,000

For the initial issuance of a license for a marijuana product manufacturing facility …… $10,000

For a renewal license for a marijuana product manufacturing facility …… $3,300

For the initial issuance of a license for a marijuana distributor …… $15,000

For a renewal license for a marijuana distributor …… $5,000

For the initial issuance of a license for a marijuana testing facility …….. $15,000

For a renewal license for a marijuana testing facility …… $5,000

Sec. 13. Marijuana establishment operating requirements. In addition to requirements established by rule pursuant to section 5 of this act:

1. Marijuana establishments shall:

(a) Secure every entrance to the establishment so that access to areas containing marijuana is restricted to persons authorized to possess marijuana;

(b) Secure the inventory and equipment of the marijuana establishment during and after operating hours to deter and prevent theft of marijuana;

(c) Determine the criminal history of any person before the person works or volunteers at the marijuana establishment and prevent any person who has been convicted of an excluded felony offense or who is not 21 years of age or older from working or volunteering for the marijuana establishment.

2. All cultivation, processing, and manufacture of marijuana must take place at a physical address approved by the Department and within an area that is enclosed and locked in a manner that restricts access only to persons authorized to access the area. The area may be uncovered only if it is enclosed with security fencing that is designed to prevent unauthorized entry and that is at least 8 feet high.

3. All cultivation, processing, and manufacture of marijuana must not be visible from a public place by normal unaided vision.

4. All cultivation, processing, and manufacture of marijuana must take place on property in the marijuana establishment's lawful possession or with the consent of the person in lawful physical possession of the property.

5. A marijuana establishment is subject to reasonable inspection by the Department, and a person who holds a marijuana establishment license must make himself or herself, or an agent thereof, available and present for any inspection required by the Department. The Department shall make reasonable accommodations so that ordinary business is not interrupted and safety and security procedures are not compromised by the inspection.

Sec. 14. Penalties. 1. Restrictions on personal cultivation.

(a) Except as otherwise provided in 453A of NRS, any person who:

(1) Cultivates marijuana plants within 25 miles of a retail marijuana store licensed pursuant to sections 1 to 18, inclusive, of this act, unless the person is a marijuana cultivation facility or a person acting in his or her capacity as an agent of a marijuana cultivation facility;

(2) Cultivates marijuana plants where they are visible from a public place by normal unaided vision; or

(3) Cultivates marijuana on property not in the cultivator's lawful possession or without the consent of the person in lawful physical possession of the property;

(b) Is guilty of:

(1) For a first violation, a misdemeanor punished by a fine of not more than $600.

(2) For a second violation, a misdemeanor punished by a fine of not more than $1,000.

(3) For a third violation, a gross misdemeanor.

(4) For a fourth or subsequent violation, a category E felony.

2. A person who smokes or otherwise consumes marijuana in a public place, in a retail marijuana store, or in a moving vehicle is guilty of a misdemeanor punished by a fine of not more than $600.

3. A person under 21 years of age who falsely represents himself or herself to be 21 years of age or older to obtain marijuana is guilty of a misdemeanor.

4. A person under 21 years of age who knowingly enters, loiters, or remains on the premises of a marijuana establishment shall be punished by a fine of not more than $500 unless the person is authorized to possess marijuana pursuant to Chapter 453A NRS and the marijuana establishment is a dual licensee.

5. A person who manufactures marijuana by chemical extraction or chemical synthesis, unless done pursuant to a marijuana product manufacturing license issued by the Department or authorized by Chapter 453A of NRS, is guilty of a category E felony.

6. A person who knowingly gives marijuana to any person under 21 years of age, or who knowingly leaves or deposits any marijuana in any place with the intent that it will be procured by any person under 21 years of age is guilty of a misdemeanor.

7. A person who knowingly gives marijuana to any person under 18 years of age, or who knowingly leaves or deposits any marijuana in any place with the intent that it will be procured by any person under 18 years of age is guilty of a gross misdemeanor.

8. Notwithstanding the provisions of sections 1 to 18, inclusive, of this act, after the effective date of this act, the legislature may amend provisions of this act to provide for the conditions in which a locality may permit consumption of marijuana in a retail marijuana store.

Sec. 15. Marijuana excise tax. 1. An excise tax is hereby imposed and must be collected by the State respecting wholesale sales of marijuana in this State by a marijuana cultivation facility at a rate of 15 percent of the fair market value at wholesale of the marijuana. The tax imposed pursuant to this subsection:

(a) Is the obligation of the marijuana cultivation facility; and

(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.

Sec. 16. Any tax revenues, fees, or penalties collected pursuant to sections 1 to 18, inclusive, of this act, first must be expended to pay the costs of the Department and of each locality in carrying out sections 1 to 8, inclusive, of this act and the regulations adopted pursuant thereto. The Department shall remit any remaining money to the State Treasurer to be deposited to the credit of the State Distributive School Account in the State General Fund.

Sec. 17. Severability. If any provision of this act, or the application thereof to any person, thing, or circumstance is held invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of this act as a whole or any provision or application of this act which can be given effect without the invalid or unconstitutional provision or application, and to this end the provisions of this act are declared to be severable.

Sec. 18. Effective Date. This act shall become effective on October 1, 2015 if approved by the legislature, or on January 1, 2017 if approved by the voters.

- See more at: https://www.regulatemarijuanainnevada.org/full-initiative-text/#sthash.3HEetb9p.dpuf

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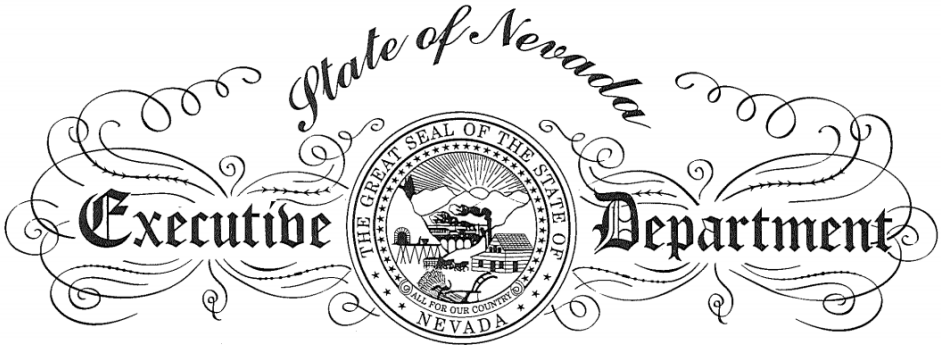
B. Executive Order



Executive Order 2017-02

ORDER ESTABLISHING A TASK FORCE ON THE IMPLEMENTATION OF BALLOT QUESTION 2: THE REGULATION AND TAXATION OF MARIJUANA ACT

WHEREAS, on November 8, 2016, the voters of the State of Nevada approved Ballot Question 2: The Regulation and Taxation of Marijuana Act (the "Act"), declaring that "the use of marijuana should be legal for persons 21 years of age or older, and its cultivation and sale should be regulated similar to other legal businesses" and providing for the regulation of marijuana so that:

a. Marijuana may only be purchased from a business that is licensed by the State of Nevada;

b. Business owners are subject to a review by the State of Nevada to confirm that the business owners and the business location are suitable to produce or sell marijuana;

c. Cultivating, manufacturing, testing, transporting, and selling marijuana will be strictly controlled through state licensing and regulation;

d. Selling or giving marijuana to persons under 21 years of age shall remain illegal;

e. Individuals must be 21 years of age or older to purchase marijuana;

f. Driving under the influence of marijuana will remain illegal;

g. Marijuana sold in the state will be tested and labeled;

WHEREAS, The Act directs the Nevada Department of Taxation to adopt all regulations necessary or convenient to carry out the provisions of the Act, including accepting applications and issuing licenses for marijuana establishments, not later than 12 months after the effective date of the Act;

WHEREAS, The Act took effect on January 1, 2017; and

WHEREAS, Article 5, Section 1 of the Nevada Constitution provides that, "The supreme executive power of this State, shall be vested in a Chief Magistrate who shall be Governor of the State of Nevada."

NOW, THEREFORE, by the authority vested in me as Governor by the Constitution and laws of the State of Nevada, I hereby direct and order as follows:

1. The Task Force on the Implementation of Ballot Question 2: The Regulation and Taxation of Marijuana Act (the "Task Force") is hereby established.

2. Members of the Task Force shall be appointed by and serve at the pleasure of the Governor, and shall be comprised as follows:

    - The Executive Director of the Nevada Department of Taxation
    - The Director of the Department of Health and Human Services
    - One member nominated by the Majority Leader of the Nevada State Senate
    - One member nominated by the Minority Leader of the Nevada State Senate
    - One member nominated by the Speaker of the Nevada State Assembly
    - One member nominated by the Minority Leader of the Nevada State Assembly
    - The Director of the Department of Public Safety, or his designee
    - The Director of the Department of Agriculture, or his designee
    - The Nevada Chief Medical Officer
    - A representative of the Nevada League of Cities & Municipalities
    - A representative of the Nevada Association of Counties

- A representative of the Nevada Medical Marijuana Program
- A member of the general public from a Nevada county with a population of less than 200,000.
- Two representatives from local law enforcement agencies
- Two representatives of local social service agencies
- Two representatives of the medical marijuana industry

3. The Executive Director of the Nevada Department of Taxation is appointed to Chair the Task Force.

4. One of the two representatives from local law enforcement will be appointed Vice Chair of the Task Force.

5. The Chair will have the ability to issue guidelines for operation of the Task Force and amend those guidelines as needed. The Task Force Chair may form and appoint working groups, chaired by one or more members of the Task Force and composed of persons with subject matter expertise, to aid it in its work. The Task Force Chair will identify and approve the scope of work and issues for the Task Force and working groups.

6. The Task Force's mission shall be to identify the legal, policy, and procedural issues that need to be resolved, and to offer suggestions and proposals for legislative, regulatory, and executive actions that need to be taken for the effective and efficient implementation of the Act.

7. The issues that the Task Force shall address include, but are not limited to:

    A. The need to amend current laws regarding the possession, sale, distribution or transfer of marijuana and marijuana products to conform them to Ballot Question 2: The Regulation and Taxation of Marijuana Act's decriminalization provisions, including, but not limited to, laws related to:
        i. Possession of drug paraphernalia;
        ii. Possession of marijuana; and
        iii. Marijuana cultivation.

    B. The possible need for new statutes, including, but not limited to, laws related to:
        i. Marijuana testing facilities;
        ii. Marijuana product manufacturing facilities;
        iii. Marijuana retail facilities;
        iv. Time, place, and manner restrictions for marijuana consumption, including conforming to existing non-smoking laws;
        v. Possession of marijuana in correctional facilities;
        vi. Driving while under the influence of and/or impaired by marijuana; and
        vii. Increased penalties for selling marijuana products outside of the system allowed by Nevada law.

    C. The need for new regulations, including, but not limited to, those related to:
        i. Procedures for issuing, renewing, suspending, and revoking a license to operate a marijuana establishment;
        ii. A schedule of application, licensing, and renewal fees;
        iii. Qualifications for a license that are related to operating a marijuana establishment;
        iv. Security requirements for marijuana establishments;
        v. Labeling requirements;
        vi. Health and safety standards for the manufacture of marijuana products, including food, and the cultivation of marijuana;
        vii. Restrictions on advertising and display of marijuana and marijuana products; and
        viii. Penalties for noncompliance with regulations.

    D. Education regarding long-term health effects of marijuana use and harmful effects of marijuana use by those under the age of 18.

    E. Reconciliation of Nevada and Federal laws such that the new laws and regulations do not subject Nevada state and local governments and state and local government employees to prosecution by the federal government.

    F. The effect of the Act on employers, employees, and the Nevada economy

8. The Task Force shall explore any and all options that address the preceding issues and help clarify and/or better coordinate state and local government implementation of the Act. Such options examined shall include, but are not limited to:

    A. Memorandums of agreement, intergovernmental agreements, and letters of cooperation and consent between the state and any other jurisdiction;

B. Changes to existing laws or regulations; and

C. New laws and regulations

9. Members of the Task Force shall receive no compensation for their service.

10. The Task Force shall meet at the discretion and direction of the Chair.

11. The Department of Taxation shall provide the administrative support for the Task Force.

12. All meetings of the Task Force and any working groups of the Task Force shall be subject to the Open Meeting Law, as codified in NRS Chapter 241. The Task Force shall endeavor to solicit public comment as part of its consideration of the policy, legal, and procedural issues that need to be resolved to implement the Act. To the extent it deems appropriate, the Task Force shall incorporate the public input it receives into its recommendations and findings.

13. All records documenting the Task Force's activities shall be retained and transferred to the State Archives for permanent retention in accordance with the State record retention policy.

14. This Executive Order shall continue in existence until the Task Force reports its recommendations and findings to the Governor, but no later than May 30, 2017, unless it is either terminated earlier or extended beyond that date by further Executive Order.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Great Seal of the State of Nevada to be affixed at the State Capitol in Carson City, this 3rd day of February, in the year two thousand seventeen.

Governor of the State of Nevada

By the Governor:

Secretary of State

Deputy Secretary of State

C. Task Force and Working Group Membership

Task Force Membership	
Member	Affiliation
Deonne Contine, Executive Director Nevada Department of Taxation Chair of the Task Force	Executive Director of the Nevada Department of Taxation
Chuck Callaway, Director of Office of Intergovernmental Services, Las Vegas Metropolitan Police Department Co-Chair of the Task Force	Representative from Local Law Enforcement
Richard Whitley, Executive Director Nevada Department of Health and Human Services	Director of the Department of Health and Human Services
Richard "Tick" Segerblom, Senator Nevada State Senate	Member nominated by the Majority Leader of the Nevada State Senate
Joe Hardy, Senator Nevada State Senate	Member nominated by the Minority Leader of the Nevada State Senate
Nelson Araujo, Assemblyman Nevada State Assembly	Member nominated by the Speaker of the Nevada State Assembly
Jill Tolles, Assemblywoman Nevada State Assembly	Member nominated by the Minority Leader of the Nevada State Assembly
James Wright, Executive Director Nevada Department of Public Safety	Director of the Department of Public Safety
Lynn Hettrick, Division Administrator Nevada Department of Agriculture	Director of the Department of Agriculture
Dr. John M. DiMuro, DO Nevada Chief Medical Officer Nevada Department of Health and Human Services	Nevada Chief Medical Officer
Wes Henderson, Executive Director Nevada League of Cities and Municipalities	Representative from the Nevada League of Cities and Municipalities
Dagny Stapleton, Deputy Director Nevada Association of Counties	Representative of the Nevada Association of Counties
Joe Pollock, Deputy Administrator Nevada Division of Public and Behavior Health, Medical Marijuana Program	Representative of the Nevada Medical Marijuana Program
Andrea Zeller, Executive Director Churchill Community Coalition	A member of the general public from a Nevada County with a population of less than 200,000
Tom Robinson, Deputy Chief Reno Police Department	Representative from Local Law Enforcement
Kevin Schiller, Assistant County Manager Washoe County	Representative from Local Social Services Agency
Michael Pawlak, Director Clark County Social Services	Representative from Local Social Services Agency

Task Force Membership	
Member	Affiliation
John Ritter, Board Member, Nevada Dispensary Association and Advisory Board Member, The Grove	Representative from the Medical Marijuana Industry
Alec Garcia, Managing Partner 374 Labs	Representative from the Medical Marijuana Industry

Working Group - Law Enforcement		
Name	Affiliation	Interests Represented
James Wright	Executive Director, Nevada Department of Public Safety	Law Enforcement
Nelson Araujo	Nevada Assembly	Nevada Legislature - Assembly
Jill Tolles	Nevada Assembly	Nevada Legislature - Assembly
Chuck Callaway	Las Vegas Metropolitan Police Department	Law Enforcement
Brian Sooudi	Assistant City Attorney, City of Reno	Local Government
Terry Johnson	Nevada Gaming Control Board	Gaming
Mark James	CannaCopia Las Vegas	Marijuana Industry
Mike Allen	Sheriff, Humboldt County	Law Enforcement
Josh Cheney	Deputy Sheriff, Carson City Sheriff's Office	Law Enforcement
Todd Raybuck	Las Vegas Metropolitan Police Department	Law Enforcement
Keith Carter	Director, High Intensity Drug Trafficking Area	Law Enforcement
Tina Talim	Deputy District Attorney, Clark County	District Attorney
Adam Page	Captain, Nevada Department of Public Safety, Nevada Highway Patrol	Law Enforcement
Demetri Kouretas	CEO, The Grove	Marijuana Industry
Pamela Del Porto	Inspector General, Nevada Department of Corrections	Corrections
John Piro	Clark County Public Defender	Public Defender
Maggie McLetchie	McLetchie Shell LLC	Attorney
Riana Durrett	Executive Director, Nevada Dispensary Association	Marijuana Industry

Working Group - Operations Retail		
Name	Affiliation	Interests Represented
Wes Henderson	Executive Director, Nevada League of Cities & Municipalities	Local Government
John Ritter	Board Member, Nevada Dispensary Association and Advisory Board Member, The Grove	Marijuana Industry
Riana Durrett	Executive Director, Nevada Dispensary Association	Marijuana Industry
Dr. John DiMuro	Chief Medical Officer, Nevada Department of Health and Human Services	Public Health
Karalin Cronkhite	Program Supervisor (Auditor), Nevada Division of Public and Behavioral Health, Medical Marijuana Program	Medical Marijuana Program
Vince Queano	Special Agent, Clark County	Local Government
Paulina Oliver	Deputy Executive Director, Nevada Department of Taxation	Department of Taxation
Jennifer DeLett-Snyder	Join Together Northern Nevada (JTNN)	Substance Abuse Prevention
Andrew Jolley	President, Nevada Dispensary Association, The Source	Marijuana Industry
Mona Lisa Samuelson	Marijuana Patient Advocate	Member of the Public
Tommy Rayl	Marijuana Non-Consumer	Member of the Public

Working Group – Cultivation		
Name	Affiliation	Interests Represented
Lynn Hettrick	Division Administrator, Nevada Department of Agriculture	Department of Agriculture
John Ritter	Board Member, Nevada Dispensary Association and Advisory Board Member, The Grove	Marijuana Industry
Amanda Connor	Attorney at Connor & Connor PLLC	Marijuana Industry
David Standard	Director of Cultivation, Deep Roots Harvest	Marijuana Industry
Dan Schinhofen	Commissioner, Nye County	Local Government
Tessa Rognier	Compliance Officer, Nevada Department of Agriculture	Department of Agriculture
Patricia Farley	Nevada Senate	Nevada Legislature –Senate
Mike Stewart	Police Officer, Reno Police Department	Law Enforcement
Marla Wilson	Vegas Valley Growers	Marijuana Industry
Jason Strull	Lab Director, 374 Labs	Marijuana Industry
Armen Yemenidjian	Integral Associates II	Marijuana Industry
Wes Henderson	Executive Director, Nevada League of Cities & Municipalities	Local Government

Working Group - Production / Manufacturing		
Name	Affiliation	Interests Represented
Tom Robinson	Deputy Chief, Reno Police Department	Law Enforcement
Andrea Zeller	Executive Director, Churchill Community Coalition	Member of the Public from a County with Less than 200,000
Bill Erlach	Reno Fire Department	First Responders
Jennifer Lazovich	Lawyer and Partner with Kaempfer Crowell	Land Use, Zoning, Legislative Affairs and Marijuana
Chad Westom	Health Bureau Chief, Nevada Division of Public and Behavioral Heath, Medical Marijuana Program	Medical Marijuana Program
Bryan Hyun	Production Manager and Owner of The Grove	Marijuana Industry
Amber Howell	Director of Social Services, Washoe County	Social Services
Kelly Zaugg	DB Labs	Marijuana Industry
Jake Ward	President, Pure Tonic Concentrates	Marijuana Industry
Meg Collins	Good Chemistry	Marijuana Industry
Anna Thornley	Deputy Executive Director, Nevada Department of Taxation	Department of Taxation
Alex Woodley	Director of Code Enforcement, City of Reno	Law Enforcement

Working Group – Labs		
Name	Affiliation	Interests Represented
Alec Garcia	374 Labs	Marijuana Industry
Lynn Hettrick	Division Administrator, Nevada Department of Agriculture	Department of Agriculture
Ed Alexander	ILAC - Grow Washoe	Marijuana Industry
Jorge Pupo	Revenue Tax Manager, Nevada Department of Taxation	Department of Taxation
Darin Carpenter	Director of Cultivation, TRYKE	Marijuana Industry
Sarah Chapman	President, Nye County Consultants Association	Marijuana Industry
Shane Johnson	SJ3D Holdings, Inc.	Marijuana Industry
Allison Gigante	Assistant Operations Manager, Clark County Business License Division	Local Government
Darryl Johnson, Ph.D.	Scientific Laboratory Director, Ace Analytical	Marijuana Industry
Benjamin Chew, Ph.D.	Scientific Laboratory Director, MM Lab, Inc.	Marijuana Industry
Sharryn Cohen	Operating Chemist, Nevada Department of Agriculture	Department of Agriculture
David L. Grenz	Microbiologist III, Nevada Department of Agriculture	Department of Agriculture

Working Group - Transportation, Storage and Disposal		
Name	Affiliation	Interests Represented
Dr. John DiMuro	Chief Medical Officer, Nevada Department of Health and Human Services	Public Health
Tom Robinson	Deputy Chief, Reno Police Department	Law Enforcement
Nelson Araujo	Nevada Assembly	Nevada Legislature - Assembly
Joe Pollock	Deputy Administrator, Nevada Division of Public and Behavioral Health, Medical Marijuana Program	Medical Marijuana Program
Mike Harwell	Compliance and Disposal, Clark County	Local Government
David Witkowski	Inspector, Nevada Division of Public and Behavioral Health, Medical Marijuana Program	Medical Marijuana Program
Bob Brown	Director of Security and Transportation, Deep Roots Harvest	Marijuana Industry
Shellie Hughes	Chief Deputy Director, Nevada Department of Taxation	Department of Taxation
Margaret (Peggy) Arquilla	President, West Coast Wine and Spirits	Liquor Wholesaler
Tim Conder	Blackbird Transportation	Transportation / Marijuana Industry
Brett Scolari	General Counsel, Director of Government and Regulatory Affairs, TRYKE	Marijuana Industry
Kurt Brown	Capital Beverages, Inc.	Liquor Wholesaler

Working Group - Taxation/ Revenue/ Regulatory Structure		
Name	Affiliation	Interests Represented
Joe Pollock	Deputy Administrator, Nevada Division of Public and Behavioral Health, Medical Marijuana Program	Medical Marijuana Program
Dagny Stapleton	Deputy Director, Nevada Association of Counties	Local Government
Jacqueline Holloway	Director of Business License Development, Clark County	Local Government
Neil Krutz	Assistant City Manager, City of Sparks	Local Government
Steve Gilbert	Program Manager, Nevada Division of Public and Behavioral Health, Medical Marijuana Program	Medical Marijuana Program
Marla McDade-Williams	Strategies 360	Marijuana Industry
Deonne Contine	Executive Director, Nevada Department of Taxation	Department of Taxation
John Ritter	Board Member, Nevada Dispensary Association and Advisory Board Member, The Grove	Marijuana Industry
Amanda Connor	Attorney at Connor & Connor PLLC – Marijuana law	Marijuana Industry
Kenny Furlong	Carson City Sheriff	Law Enforcement
David Goldwater	Member, Nevada Dispensary Association	Marijuana Industry
Jennifer Wilcox	Essence Marijuana Dispensary	Marijuana Industry
Karen Abowd	Carson City Board of Supervisors, Taxation	Local Government

Working Group - Consumer Safety, Education and Health		
Name	Affiliation	Interests Represented
Richard Whitley	Executive Director, Nevada Department of Health and Human Services	Medical Marijuana Program
Michael Pawlak	Director, Clark County Social Services	Social Services
Dr. John DiMuro	Chief Medical Officer, Nevada Department of Health and Human Services	Public Health
Dr. Joe Hardy	Nevada Senate	Nevada Legislature - Senate
Kevin Schiller	Assistant County Manager, Washoe County	Local Government
Linda Lang	Nevada Statewide Coalition Partnership	Substance Abuse Resources
Michelle Berry	Center for the Application of Substance Abuse Technologies (CASAT)	Substance Abuse Resources
Dr. Joseph Iser	Chief Health Officer, Southern Nevada Health District	Environmental Health
Jen Solas	Wellness Education Cannabis Advocates of Nevada	Marijuana Education
Shannon Ernst	Director of Social Services, Churchill County	Social Services
Dr. John Packham	Director of Health Policy Research, UNR School of Medicine	Rural Health
Shane Johnson	SJ3D Holdings, Inc.	Marijuana Industry

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D. Task Force Recommendations

The Working groups developed recommendations with the aid of a common form to ensure that the format would be consistent for presentation to the Task Force. The form included the following sections:

- Working group name;
- Individual sponsor(s);
- Description of the recommendation;
- Which guiding principle(s) the recommendation supported;
- What provision(s) of Question 2 the recommendation applied to;
- What issue(s) the recommendation resolved;
- Summary of the dissenting opinion regarding the recommendation, if any;
- Action(s) necessary to adopt the recommendation, specifically noting if statute, policy or regulations would need to be addressed; and
- Any additional information (cost of implementation, priority per the recommendations, etc.).

Where language changes to existing Nevada Revised Statute or Nevada Administrative Code language were proposed, the changes to current language were reflected in red on the recommendation. New language was also reflected in red for the ease of Task Force review.

The process for discussion and approval of recommendations was also considered and approved by the Task Force so that it would remain consistent for all working groups. The working groups met separately from the Task Force to discuss topics, issues and questions for consideration. Upon reaching consensus or majority opinion, the working groups forwarded their recommendations to QuantumMark to ensure each section was filled out appropriately. The recommendations were then forwarded to the Task Force for further discussion and final approval. When the working groups occasionally disagreed on the recommendation, explanations of the dissenting viewpoints were included. Based on Task Force discussion, the recommendation was either approved for the final report or modifications were requested from the working group. The working groups then presented the modified recommendations to the Task Force. In total, the Task Force approved 73 recommendations.

Full documentation of the recommendations of the Task Force is included in this appendix.

Regulatory Structure

Regulatory Organizational Structure

1. **Working group name:**

   Cultivation Working Group

2. **Individual sponsor(s):**

   Lynn Hettrick – Division Administrator - Nevada Department of Agriculture
   Tessa Rognier – Agriculturist III - Nevada Department of Agriculture

3. **Describe the recommendation:**

   The cultivation working group recommends that NRS 453A and NAC 453A be used as the regulatory foundation for both Medical and Recreational marijuana programs, and the program to be administered by the Department of Taxation.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 1 - Promote the health, safety, and well-being of Nevada's communities

   Guiding Principle 4 - Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome

   Guiding Principle 6 - Establish regulations that are clear and practical, so that interactions between law enforcement (at the local, state and federal levels), consumers, and licensees are predictable and understandable

   Guiding Principle 7 - Take action that is faithful to the text of Question 2

5. **What provision(s) of Question 2 does this recommendation apply to**?

   The People of the State of Nevada proclaim that marijuana should be regulated in a manner similar to alcohol so that:

   a) Marijuana may only be purchased from a business that is licensed by the State of Nevada;
   b) Business owners are subject to a review by the State of Nevada to confirm that the business owners and the business location are suitable to produce or sell marijuana;
   c) Cultivating, manufacturing, testing, transporting, and selling marijuana will be strictly controlled through state licensing and regulation; and
   g) Marijuana sold in the state will be tested and labeled

6. **What issue(s) does the recommendation resolve?**

   Cultivation Standards, licensing, testing and enforcement

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   No dissent

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   Statute and regulations will need to be amended to consolidate all marijuana authority under the Department of Taxation and to address outdoor cultivation.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   None

Transfer of Medical Program to Department of Taxation

1. **Working group name:**

   Retail Establishments

2. **Individual sponsor(s):**

   Riana Durrett, Executive Director, Nevada Dispensary Association

3. **Describe the recommendation:**

   The Operations-Retail Establishment working group recommends that Nevada Legislature transfer the responsibility for regulating the Nevada medical marijuana program from the Department of Health and Human Services to the Department of Taxation. The working group recommends that the Nevada Legislature enact any necessary legislation to transfer the duties, responsibilities, and budgets relating to medical marijuana from Department of Health Human Services to the Department of Taxation during the 2017 regular legislative session.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments, and the industry

   Guiding Principle 4 - Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome

   Guiding Principle 6 - Establish regulations that are clear and practical, so that interactions between law enforcement (at the local, state, and federal levels), consumers, and licensees are predictable and understandable.

5. **What provision(s) of Question 2 does this recommendation apply to?**

   This recommendation pertains to the mandate under Question 2 that the Department of Taxation regulate marijuana establishments and retail marijuana. This mandate creates two different regulatory structures and state departments when they are both essentially regulating the same product.

6. **What issue(s) does the recommendation resolve?**

   This recommendation would resolve inefficiencies created by regulation of medical and retail marijuana by two different state Departments. Oregon and Colorado officials in their departments of health and taxation have advised Nevada officials to avoid regulation of medical and retail under two different departments. Regulation by two different departments creates unnecessary inefficiencies, wastes State resources, and causes confusion as to which department is responsible for enforcement of certain issues.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   Jennifer DeLett-Snyder of Join Together Northern Nevada and the Nevada Statewide Coalition Partnership dissents for this reason: Medical Marijuana is currently under the Department of Public and Behavioral Health since it's a public health matter; therefore, it should be regulated in a manner separate than recreational marijuana since its being considered medicine. If the state would like Medical Marijuana and Recreational Marijuana to be co-located under one department, I suggest the creation of an Alcohol and Marijuana Control Board as was done in Alaska and Washington State.

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   Revise NRS 453A to allow the Department of Taxation to perform any function required by the Department of Health and Human Services. Request input from Department of Taxation and Department of Health and Human Services as to whether any other chapters must be addressed to transfer the medical marijuana program from Department of Health and Human Services to the Department of Taxation.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   None

Inspection Requirements

1. **Working group name:**

   Production/Manufacturing Working Group

2. **Individual sponsor(s):**

   Anna Thornley, Department of Taxation
   Jennifer Lazovich, Kaempfer Crowell
   Chad Westom, DPBH

3. **Describe the recommendation:**

   The proposal of the working group is to streamline and ensure consistent inspection requirements of recreational establishments by the same State agency, contingent upon the applicability to all of the appropriate laws.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principal 4 - Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome.

   Guiding Principal 6 - establish regulations that are clear and practical, so that interactions between law enforcement (at the local, state and federal levels), consumers, and licensees are predictable and understandable.

5. **What provision(s) of Question 2 does this recommendation apply to?**

   This recommendation applies to the requirements concerning operations of marijuana establishments.

6. **What issue(s) does the recommendation resolve?**

   The recommendation provides that the same State agency should be in charge of inspecting both medical and recreational operations so that there is a single point for inspection and enforcement.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   No dissent if the programs are merged under the Department of Taxation. If the medical and recreational marijuana programs are not merged under the Department of Taxation, Anna Thornley has noted a concern about the feasibility of there being a single agency performing State inspections.

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

A regulation should be adopted stating that both the medical and recreational marijuana establishments shall be inspected by the same state agency to ensure consistency and efficiencies between state and marijuana operations. If the medical and recreational marijuana programs are combined into the Department of Taxation, then we suggest the following changes be made to NAC 453A.320 and NAC 453A.322.

NAC 453A.320 Health and safety inspections of establishments. (NRS 453A.370)

1. The ~~Division~~ Department may, at any time it determines an inspection is needed, conduct an investigation into the premises, facilities, qualifications of personnel, methods of operation, policies and purposes of any ~~medical~~ marijuana establishment and of any person proposing to engage in the operation of a ~~medical~~ marijuana establishment. An inspection of a facility may include, without limitation, investigation of standards for safety from fire on behalf of the ~~Division~~ Department by the local fire protection agency. If a local fire protection agency is not available, the State Fire Marshal may conduct the inspection after the ~~medical~~ marijuana establishment pays the appropriate fee to the State Fire Marshal for such inspection.

2. The ~~Division~~ Department will not issue a ~~medical~~ marijuana establishment registration certificate until the ~~Division~~ Department completes an inspection of the ~~medical~~ marijuana establishment. Such an inspection may require more than one visit to the ~~medical~~ marijuana establishment.

3. ~~In addition to complying with the provisions of chapter 372A of NRS and chapter 372A of NAC governing the imposition of an excise tax on medical marijuana establishments, a medical~~ A marijuana establishment may not operate until it has been issued a ~~medical~~ marijuana establishment registration certificate from the ~~Division~~Department.

4. The ~~Division~~ Department will not issue a ~~medical~~ marijuana establishment registration certificate until it has received a satisfactory report of full compliance with and completion of all applicable public safety inspections required by state and local jurisdictions, including, without limitation, fire, building, health and air quality inspections, except as otherwise provided in subsection 3 of NAC 453A.426.

(Added to NAC by Div. of Pub. & Behavioral Health by R004-14, 3-28-2014, eff. 4-1-2014)

NAC 453A.322 Inspections of establishments. (NRS 453A.370)

1. Submission of an application for a ~~medical~~ marijuana establishment registration certificate constitutes permission for entry to and reasonable inspection of the ~~medical~~ marijuana establishment by the Department~~Division~~, with or without notice. An inspector conducting an inspection pursuant to this section does not need to be accompanied during the inspection.

2. The ~~Division~~ Department may, upon receipt of a complaint against a ~~medical~~ marijuana establishment, except for a complaint concerning the cost of services, a complaint concerning the efficacy of ~~medical~~ marijuana or a complaint related to customer service issues, conduct an investigation during the operating hours of the ~~medical~~ marijuana establishment, with or without notice, into the premises, facilities, qualifications of personnel, methods of operation, policies,

procedures and records of that ~~medical~~ marijuana establishment or any other ~~medical~~ marijuana establishment which may have information pertinent to the complaint.

3. The ~~Division~~ Department may enter and inspect any building or premises at any time, with or without notice, to:

(a) Secure compliance with any provision of this chapter or chapter 453A of NRS;

(b) Prevent a violation of any provision of this chapter or chapter 453A of NRS; or

(c) Conduct an unannounced inspection of a ~~medical~~ marijuana establishment in response to an allegation of noncompliance with this chapter or chapter 453A of NRS.

4. The ~~Division~~ Department will enter and inspect at least annually, with or without notice, each building or the premises of a ~~medical~~ marijuana establishment to ensure compliance with the standards for health and sanitation.

5. The ~~Division~~ Department will enter and inspect, with or without notice, any building or premises operated by a ~~medical~~ marijuana establishment within 72 hours after the ~~Division~~ Department is notified that the ~~medical~~ marijuana establishment is operating without a ~~medical~~ marijuana establishment registration certificate.

(Added to NAC by Div. of Pub. & Behavioral Health by R004-14, 3-28-2014, eff. 4-1-2014)

9. **Additional information (cost of implementation, priority according to the recommendations, etc**.).

It would be more cost effective to have one agency conduct inspections of both medical and recreational marijuana facilities. This will ensure cost efficiencies for the state as well as consistency in application of inspections for operators of both medical and recreational marijuana operations.

Local Government Regulation

1. **Working group name:**

   Operations - Production/ Manufacturing

2. **Individual sponsor(s):**

   Tommy Robinson, Deputy Police Chief, Reno Police Department
   Alex Woodley, Director of Code Enforcement, City of Reno
   Jacob Ward, Pure Tonic Concentrates
   Jennifer Lazovich, Kaempfer Crowell

3. **Describe the recommendation:**

   The intent of this recommendation is to ensure that there is consistency in regulation throughout the State for certain matters involving recreational marijuana. The point of the recommendation is that there are some state responsibilities and some local responsibilities. Anything in the initiative that gives responsibility to the state would be uniform across the state and it could not change. The initiative gives the local governments the right to do the zoning and business licensing.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 1 – Promote the health, safety, and well-being of Nevada's communities

   Guiding Principle 2 – Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry

   Guiding Principle 4 – Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome

   Guiding Principle 5 - Begin a discussion between the State and local governments regarding the costs of carrying out Question 2

   Guiding Principle 6 – Establish regulations that are clear and practical, so that interactions between law enforcement (at the local, State and federal levels), consumers, and licensees are predictable and understandable

5. **What provision(s) of Question 2 does this recommendation apply to?**

   1) *NRS 453D.020 (3) (c) Cultivating, manufacturing, testing, transporting and selling marijuana will be strictly controlled through **State** licensing and regulation*

2) NRS 453D.200 Duties of Department relating to regulation and licensing of marijuana establishments; information about consumers.

6. What issue(s) does the recommendation resolve?

This recommendation would provide guidance to local governments as to issues that should be deferred to State regulation. Certain matters involving edibles, packaging, concentrates, product types, dosing, potency and serving size limitations should be consistent throughout the State to ensure consumer safety. Some other resolutions offered by this recommendation are:

- *Ensures uniformity for the industry & predictability with set regulations*
- *Provides opportunity for State regulators to become subject matter experts*
- *Reduces costs of regulation to local jurisdictions*
- *Minimizes ongoing training of the local jurisdictions by the State*
- *Minimizes possibility of contradictory regulations between the State and local governments*
- *Provides for local and State interactions similar to that related to existing gaming regulations*

7. Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.

No dissent

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

A regulation should be adopted that makes it clear that local governments may regulate recreational marijuana establishments on zoning, general business license matters, fire and building code compliance. However, local governments must defer to State regulation on matters involving edibles, packaging, concentrates, dosing, potency, serving size limitations, and products types.

Essentially, the State should carry out the provisions outlined in 453D.200 and the local governments should not add to or take away from the subject matter in those same provisions at the local level. 453D.200 (1) (h) will be exempt from this regulation.

9. Additional information (cost of implementation, priority according to the recommendations, etc.).

None

Marijuana Control Board

1. **Working group name:**

Law Enforcement Working Group

2. **Individual sponsor(s):**

Chuck Callaway, Las Vegas Metro Police Department
Todd Raybuck, Las Vegas Metro Police Department
Jill Tolles, Nevada Assembly
Brian Sooudi, Assistant City Attorney, City of Reno
Riana Durrett, Executive Director, Nevada Dispensary Association

3. **Describe the recommendation:**

The recommendation is as soon as allowed by law, urge the Nevada Legislature to establish by statute a Marijuana Control Board to provide oversight to the recreational and medical marijuana industries. The structure and duties of the Marijuana Control Board would be generally based on Nevada Revised Statute 463, Nevada Gaming Control Board.

When the Nevada Gaming Control Board was established, the environment in the state was very similar to the current environment with marijuana. An activity which is illegal under federal law but legal under state law, must be appropriately regulated and have a designated body to provide proper oversight, accountability, and due process.

A quote from the Nevada Resort Association's History of Gaming in Nevada states, "As Nevada's economy became more and more dependent upon gaming as an economic engine, the fear of federal gaming prohibition and negative public sentiment grew, prompting the Nevada State Legislature to create the Gaming Control Board in 1955."

The State of Alaska established a Marijuana Control Board in 2015 under Senate Bill 60.

4. **Which guiding principle(s) does this recommendation support?**

Guiding Principle 1 - Promote the health, safety, and well-being of Nevada's communities

Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry

Guiding Principle 3 - Ensure that youth are protected from the risks associated with marijuana, including preventing the diversion of marijuana to anyone under the age of 21

Guiding Principle 4 - Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome

Guiding Principle 6 - Establish regulations that are clear and practical, so that interactions between law enforcement (at the local, state and federal levels), consumers, and licensees are predictable and understandable

5. What provision(s) of Question 2 does this recommendation apply to?

Sec. 2. Preamble.

In the interest of the public health and public safety, and in order to better focus state and local law enforcement resources on crimes involving violence and personal property, the People of the State of Nevada find and declare that the use of marijuana should be legal for persons 21 years of age or older, and its cultivation and sale should be regulated similar to other legal businesses.

The People of the State of Nevada declare that the cultivation and sale of marijuana should be taken from the domain of criminals and be regulated under a controlled system, where businesses will be taxed and the revenue will be dedicated to public education and to the enforcement of the regulations in this act.

6. What issue(s) does the recommendation resolve?

This recommendation would create a Marijuana Control Board to provide direct oversight and accountability to the recreational and medical marijuana industry.

7. Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.

None at this time

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

Legislative action will be required when allowed per Ballot Question 2

9. Additional information (cost of implementation, priority according to the recommendations, etc.)

There will be a fiscal cost to establish a Marijuana Control Board. This cost is undetermined at this time, but could be comparable to the cost associated with the current Gaming Control Board.

Ownership Interest

1. **Working group name:**

   Laboratory Working Group

2. **Individual sponsor(s):**

   Shane A. Johnson, SJ3D Holdings, Inc.

3. **Describe the recommendation:**

   With respect to ownership interest, the recommendation is to maintain an effective status quo (accounting for the new distributor license type) with respect to ownership interest requirements under the Medical Marijuana Program per Adopted Regulation R148-15.

   453A.332 1. The Division/Dept. of Taxation will deny an application for an applicant to renew a marijuana or recreational establishment registration certificate if:

   (a) The application or the marijuana establishment is not in compliance with any provision of this chapter or chapter 453A and 453D of NRS; or

   (b) An owner, officer or board member of the marijuana establishment:

   (1) Is an employee or contractor of the Division;

   (2) Has an ownership or financial investment interest in an independent testing laboratory and also is an owner, officer or board member of a marijuana dispensary, cultivation facility or facility for the production of edible marijuana products or marijuana-infused products;

   Sec. 64. 453A.656 An independent testing laboratory shall not handle, test or analyze marijuana unless:

   1. The laboratory has been issued a marijuana establishment registration certificate;

   2. The laboratory is independent from all other persons involved in the marijuana industry in Nevada; and

   3. No person with a direct or indirect interest in the laboratory has a direct or indirect financial interest in:

   (a) A-marijuana dispensary;

   (b) A facility for the production of edible marijuana products or marijuana-infused products;

   (c) A cultivation facility;

   (d) A distributor;

   (e) A physician who provides or has provided written documentation for the issuance of registry identification cards [;] or letters of approval; or

   (f) Any other entity that may benefit from the cultivation, manufacture, dispensing, sale, purchase or use of marijuana or marijuana products

4. Notwithstanding the forgoing, laboratories are exempted from using a distributor to collect and move testing samples.

4. Which guiding principle(s) does this recommendation support?

Guiding Principle 4 – Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome.

5. What provision(s) of Question 2 does this recommendation apply to?

Section 2 (b): "Business owners are subject to a review by the State of Nevada to confirm that the business owners and the business location are suitable to produce or sell marijuana." Existing owners have already been vetted by the State of Nevada.

6. What issue(s) does the recommendation resolve?

Maintaining the status quo 1) prevents potential conflict of interest (by disallowing common ownership between laboratory owners and owners of other Marijuana Establishments), and 2) provides seamless efficiency from a regulatory / oversight perspective

7. Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.

No dissent

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

None

9. Additional information (cost of implementation, priority according to the recommendations, etc.).

None

Advisory Committee

1. **Working group name:**

   Labs Working Group

2. **Individual sponsor(s):**

   Ed Alexander- Common Sense Botanicals
   Sarah Chapman- President, Nye County Consultants Association

3. **Describe the recommendation:**

   The following recommendation suggests the formation of an Advisory Committee for the Cannabis industry much like Medical Program had the Independent Laboratory Advisory Committee (ILAC) under NAC 453A.666. The intent of this committee is to address and adapt to changes and challenges that the cannabis industry will face as it matures.

   Independent Cannabis Advisory Committee:

   Establishment; duties.

   1. *The Nevada Department of Taxation will establish an Independent Cannabis Advisory Committee comprised of members which ensure that the membership of the Advisory Committee is representative of the Medical and Recreational Marijuana Industry, Local and State representatives including but not limited to:*
      Two Dispensary representatives (Northern and Southern Nevada)
      Two Laboratory representatives (Northern and Southern Nevada)
      Two Production representatives (Northern and Southern Nevada)
      Two Cultivation representatives (Northern and Southern Nevada)
      One Distributor/Transportation representative
      One representative from Law Enforcement
      One representative from the Department of Taxation
      One representative from the Department of Agriculture
      One representative from the Department of Public and Behavioral Health
      One representative from the RSCVA
      One representative from the LVCVA
      One representative from NACO
      One representative from the League of Cities
      Incorporated and unincorporated local jurisdictional representatives

   2. *The Advisory Committee shall:*

      (a) Provide recommendations to the Department of Taxation regarding all aspects of Nevada marijuana industry

(b) Make recommendations to the Department of Taxation for any changes to NRS/NAC chapters relating to Marijuana
(c) Assist the Department of Taxation in creating and updating a policy manual to be used by the Department of Taxation to guide the implementation of policies and procedures directly or indirectly involving Marijuana.
(d) Meet at least quarterly or at the discretion of the Chair
(e) Elect a Chair and Vice Chairperson
(f) Serve a Two-year term
(g) Need a quorum to vote in order to make said recommendations the Department

4. **Which guiding principle(s) does this recommendation support?**

Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry

Guiding Principle 6 - Establish regulations that are clear and practical, so that interactions between law enforcement, consumers, and licensees are predictable and understandable

Guiding Principle 7 - Take action that is faithful to the text of Question 2

5. **What provision(s) of Question 2 does this recommendation apply to?**

Sec. 5 Powers and Duties of the Department- this committee will help aid the department in carrying out sections 1-18 of Question 2 past the initial 12 month roll out.

6. **What issue(s) does the recommendation resolve?**

The recommendation provides a vehicle for the ongoing improvement of the industry. It allows the industry to address and respond to issues that present themselves at a later date.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

No dissent

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

Adapting of NAC 453A.666 to establish an industry centered advisory committee as recommended above.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

As this committee would be a volunteer basis, cost of the implementation should be negligible. A meeting room, office supplies and potential a staff member to take notes in accordance with Open Meeting Law.

Ancillary Marijuana Business Licensing

1. **Working group name:**

   Laboratory Working Group

2. **Individual sponsor(s):**

   Ed Alexander- Common Sense Botanicals
   Lynn Hettrick- Nevada Department of Agriculture
   Alec Garcia- 374 Labs
   Shane Johnson- Silver State Trading

3. **Describe the recommendation:**

   The recommendation is to empower local and state jurisdictions to license and regulate ancillary businesses.

"Ancillary Business" defined. Any person or business that has not received a registration certificate under NRS 453A nor has been licensed as a marijuana establishment under NRS 453D that directly profits from onsite adult use consumption of marijuana or marijuana infused products.
It is the opinion of this working group that additional local and state fees will unduly burden licensed marijuana cultivation, production, retail, and laboratory related businesses, as these entities already must obtain State and Local licenses under NRS 453. It is the recommendation of the working group to allow state and local officials to create licensing and fee structures for those Ancillary Businesses where adult use consumption is permitted.

- *State and Local jurisdictions shall have the ability to license, regulate, and collect fees from ancillary marijuana related businesses.*
- *Ancillary businesses might include but are not limited to: Adult Use consumption facilities, any business which allows on site use or consumption of marijuana, spa's, social clubs, music venues, etc.*
- *Ancillary businesses should not include: businesses that do not directly profit from the sale or use of Marijuana but might provide products or services to the industry. Garden Centers, or Grow Shops, Paraphernalia/Smoke Shops. Etc*
- *Licensing fees shall be consistent with other limited licensing types, these fees should not impact local jurisdictions ability to obtain a percentage of revenue generated through adult use taxation.*
- *Licensing shall be consistent with current local and state law which may require business licenses, special use permits, etc.*
- *State of Nevada Department of Taxation shall provide reasonable effort to identify what percentage of Adult use excise and other tax revenue will be allocated to local jurisdictions based on the city, and or county from which the revenue is generated.*
- *Standardized Educational materials pertaining to Adult Use Consumption shall be adopted and prominently displayed in facilities which sell or allow the use of marijuana.*
- *Smoking/vaping/consumption of marijuana shall be similar to rules and regulations for smoking/vaping/consumption of tobacco, and or alcohol.*

4. **Which guiding principle(s) does this recommendation support? Promote Health, safety, and well-being of Nevada's communities. Provides efficient and effective regulation that is clear and reasonable and not unduly burdensome.**

   Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry

   Guiding Principle 6 - Establish regulations that are clear and practical, so that interactions between law enforcement, consumers, and licensees are predictable and understandable

5. **What provision(s) of Question 2 does this recommendation apply to?**

   Sec. 2 Preamble

6. **What issue(s) does the recommendation resolve?**

   Provides a means by which Local and State regulators can license and regulate Adult Use Ancillary Businesses

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   No dissent

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   Statute, Policy, and Regulations will need to be developed by the State of Nevada as well as Local Jurisdictions as necessary to insure public health and safety.

9. **Additional information (cost of implementation, priority according to the recommendations, etc).**

   None

Co-Location

1. **Working group name:**

   Operations - Production/ Manufacturing

2. **Individual sponsor(s):**

   Alex Woodley, Director of Code Enforcement, City of Reno
   Jennifer Lazovich,Lawyer and Partner with Kaempfer Crowell
   Jacob Ward, President, Prue Tonic Concentrates

3. **Describe the recommendation:**

   Allow the coexistence of Marijuana production, cultivation, dispensary & distribution establishments within the same facility. Also, allow the coexistence of both recreational and medical marijuana establishments within the same facility.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 2 – Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry
   Guiding Principle 4 – Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome
   Guiding Principle 6 – Establish regulations that are clear and practical, so that interactions between law enforcement (at the local, state and federal levels), consumers, and licensees are predictable and understandable

5. **What provision(s) of Question 2 does this recommendation apply to?**

   The Requirements Concerning Operation of Marijuana Establishments, specifically as it relates to the provision covering allowed locations.
   NRS 453A.350 relates to the Location, land use, appearance, signage and change of locations.

6. **What issue(s) does the recommendation resolve?**

   - *Minimizes safety and security risks associated with constant transport of product and money*
   - *Allows local jurisdictions to apply zoning and code ordinances*
   - *Allows for business to operate more efficiently thereby reducing costs to consumers*
   - *Reduces capital costs of building the facilities thereby reducing costs to consumers*
   - *Reduces the amount of time and effort required for inspections and audits*
   - *Reduces the footprint of Marijuana establishments throughout the given jurisdiction (i.e. 4 locations instead of possibly up to 16 locations)*

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

No dissent

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

1) *Legislative changes in the Nevada Revised Statute and possibly the Nevada Administrative Code (NRS 453A.350) may be required to allow for shared use of facility types (cultivation, production, dispensary, distribution).*

- *SB 329 is currently before the legislature and provides the following as part of its submittal, which will allow for shared facility types:*

> *Sec. 49. NRS 453A.350 is hereby amended to read as follows:*
>
> *453A.350 1. Each medical marijuana establishment must:*
> *(a) Be located in a ~~[separate building or facility that is located in a]~~ commercial or industrial zone or overlay;*
> *(b) Comply with all local ordinances and rules pertaining to 44 zoning, land use and signage;*

- *Provide language if SB 329 does not pass:*

Each medical marijuana establishment must: (a) Be located in a ~~separate~~ building or facility as approved by the local jurisdiction ~~that~~ and is located in a commercial or industrial zone or overlay as approved by the local jurisdiction;

2) *The permanent regulations supporting recreational marijuana should include wording to allow for the production, manufacture, distribution, and dispensing of both medical and recreational marijuana from the same facility.*

A marijuana establishment may cultivate, manufacture, distribute, and sell to the public both medical marijuana and recreational marijuana according to the establishment's license type.

Each marijuana establishment must:
(a) Be located in a ~~[separate building or facility that is located in a]~~ commercial or industrial zone or overlay;
(b) Comply with all local ordinances and rules pertaining to zoning, land use and signage;

9. **Additional information (cost of implementation, priority according to the recommendations, etc).**

None

Dual Use Medical and Retail

1. **Working group name:**

   Operations- Retail Establishment

2. **Individual sponsor(s):**

   Riana Durrett, Executive Director, Nevada Dispensary Association
   Andrew Jolley, President, Nevada Dispensary Association
   Wes Henderson, Executive Director, Nevada League of Cities & Municipalities

3. **Describe the recommendation:**

   The Operations- Retail Establishment working group recommends that the Department and any affected local government enact regulations and ordinances permitting a medical marijuana establishment and a retail marijuana establishment to operate at the same location and to permit a dual licensee to serve patients and recreational customers in the same retail area without the need to make changes in the design and construction of licensed medical marijuana dispensaries to allow for dual use.

   These recommendations are based on the following propositions:

   - *The Nevada medical marijuana program leads the nation in its testing, tracking, security, and cleanliness standards;*
   - *The Nevada medical marijuana program has been successful in protecting patient and public health and safety;*
   - *Nevada has successfully avoided the public health problems other states with legalized marijuana have faced;*
   - *Colorado and Oregon regulators have emphasized the benefits of combining the medical and recreational marijuana programs;*
   - *Colorado and Oregon regulators have advised Nevada legislators to avoid the inefficiencies and confusion that results from having separate medical and recreational programs; and*
   - *IP1 expressly states that the Department of Taxation may not pass regulations that would make operation of a marijuana business unreasonably impracticable.*

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry

   Guiding Principle 4 - Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome

Guiding Principle 6 - Establish regulations that are clear and practical, so that interactions between law enforcement, consumers, and licensees are predictable and understandable

5. **What provision(s) of Question 2 does this recommendation apply to?**

   This recommendation applies to Initiative Petition 1 ("IP1"), Section 5, which bestows the responsibility for regulating recreational marijuana in the Department of Taxation and allows for a "dual license" of retail and medical establishments. Under the Nevada Constitution, an initiative petition cannot be amended by the Nevada Legislature for three (3) years. Therefore, in order to implement dual use establishments, any NRS or NAC must comply with IP1 and any NRS revisions must be made to the medical program under NAC 453A and not to IP1.

6. **What issue(s) does the recommendation resolve?**

   This recommendation carries out the provision in IP1 that allow for dual license establishments. IP1 allots a certain number of retail marijuana dispensaries and allows the owners of a medical marijuana establishment license to also "operate a marijuana establishment." IP1 anticipates that these will be operated at the same location and allowing them to operate at the same location promotes efficiency and a reduction in the physical number of establishments.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   None

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   NRS requires revisions as it currently only addresses the medical program. The retail marijuana program should be set forth in NRS 453A, or a separate section, for example, NRS 453E.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   None

Taxation and Revenue

Taxation – 15% Excise Tax

1. **Working group name:**

   Taxation/Revenue/Regulatory Structure Working Group

2. **Individual sponsor(s):**

   John Ritter, Nevada Dispensary Association
   Steve Gilbert, Program Manager, Medical Marijuana Program

3. **Describe the recommendation:**

   The Taxation/Revenue/Regulatory Structure Working Group recommends that the excise tax on all wholesale cannabis (whether it is later sold at the dispensary as medical or recreational) be the same as the 15% tax on recreational cannabis at the wholesale level as provided for in IP1 and that it should be administered in the same manner. This tax will replace the current two or three-tiered wholesale/retail system applied to medical cannabis (three if the cannabis is first sold to a production facility before being sold to a dispensary) at 2% per tier. By taxing all wholesale cannabis at the same rate and in the same manner you allow the cannabis, and products produced from that cannabis, to be "single streamed" and designated as medical or recreational at the point of purchase at the retail level. This will allow for a much more efficient process for both the government and private sectors.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 2 - Ensure that youth are protected from the risks associated with marijuana, including preventing the diversion of marijuana to anyone under the age of 21

   Guiding Principle 4 – Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome.

   Guiding Principle 6 - Establish regulations that are clear and practical, so that interactions between law enforcement (at the local, state and federal levels), consumers, and licensees are predictable and understandable

5. **What provision(s) of Question 2 does this recommendation apply to?**

   Question 2 states the Department of Taxation is required to regulate the marijuana establishments. By allowing for "single streamed," cannabis can be cultivated or produced and then designated medical or recreational based on the current market demand at the time. Having this ability will assist the industry in cultivating, producing and stocking dispensary inventory based on recreational customer or patient demand and avoid an excess or shortage of inventory in the different categories. Streamlining the flow of

inventory through the seed to sale process will help avoid over inventory situations and potential illegal diversion of excess product. The Department of Taxation will be able to more effectively regulate this segment of the industry if the supply chain is efficiently streamlined so the correct amount of inventory / medicine is always produced and designated.

6. What issue(s) does the recommendation resolve?

This recommendation would resolve the inefficiencies created by requiring the industry to separately inventory and track wholesale cannabis product as medical and retail when that product is identical and grown under the same conditions at the same time. There is no logical reason that the product needs to be designated as medical or recreational until a retail sale occurs. In States where this is done, like Colorado, the regulators and the industry regularly cite the requirement to track and inventory medical and recreational cannabis separately from seed to sale as unnecessary, highly inefficient and cumbersome.

7. Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.

No dissent

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

This change will require legislation to change the current tax structure on medical cannabis to reflect the tax structure mandated by IP1

NRS 372A.290 will need to be amended as follows:

NRS 372A.290 Imposition and amount of tax; distribution of revenue collected.

~~*1. An excise tax is hereby imposed on each wholesale sale in this State of marijuana by a cultivation facility to another medical marijuana establishment at the rate of 2 percent of the sales price of the marijuana. The excise tax imposed pursuant to this subsection is the obligation of the cultivation facility.*~~

~~*2. An excise tax is hereby imposed on each wholesale sale in this State of edible marijuana products or marijuana-infused products by a facility for the production of edible marijuana products or marijuana-infused products to another medical marijuana establishment at the rate of 2 percent of the sales price of those products. The excise tax imposed pursuant to this subsection is the obligation of the facility for the production of edible marijuana products or marijuana-infused products which sells the edible marijuana products or marijuana-infused products to the other medical marijuana establishment.*~~

1. An excise tax is hereby imposed and must be collected by the State respecting wholesale sales of medical marijuana in this State by a medical marijuana cultivation facility at a rate of 15 percent of the fair market value at wholesale of the medical marijuana, the fair market value as determined by the Department of Taxation pursuant to NRS 453D.200(1)(l). ~~*on each retail sale in this State of marijuana, edible marijuana products or marijuana-infused products by a medical marijuana dispensary at the rate of 2 percent of the sales price of the marijuana, edible marijuana products or marijuana-infused products.*~~ *The excise tax imposed pursuant to this subsection:*

(a) Is the obligation of the medical marijuana ~~*dispensary*~~ *cultivation facility, and;*

(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.

~~*(c) Must be considered part of the total retail price to which general state and local sales and use taxes apply.*~~

The working group recommends that the revenue distribution will need to be addressed prior to implementation.

9. Additional information (cost of implementation, priority according to the recommendations, etc.).

None

Taxation – Retail Tax 10%

1. **Working group name:**

   Taxation/Revenue/Regulatory Structure Working Group

2. **Individual sponsor(s):**

   David Goldwater, Former Legislator / Owner
   Dagny Stapleton, Nevada Association of Counties
   Amanda Connor, Attorney at Connor & Connor - Marijuana law

3. **Describe the recommendation:**

   The Taxation/Revenue/Regulatory Structure Working Group recommends an additional tax on retail marijuana at the point of sale at a rate of 10%. This recommended tax is in addition to the 15% tax collected at the wholesale level. Governor Sandoval, in his State of the State message, recommended this new tax in addition to those taxes found in Question 2. The working group placed considerable weight on his recommendation and considered the rate. The 10% component rate is consistent an overall target rate of 30% total taxation for the retail product. This target rate is consistent with other jurisdictional findings that the balance between a healthy, regulated industry and a shrinking black market is around 30% total taxation. While the Governor recommended that this tax go to education, the working group was reluctant to specifically recommend how the new tax should be allocated, understanding there are impacts on local government, law enforcement, communities, and agencies which should all be considered when policy makers decide on allocation.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 1 --Promote the health, safety, and well-being of Nevada's communities
   Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments, and the industry.
   Guiding Principle 4 - Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome.

5. **What provision(s) of Question 2 does this recommendation apply to?**
   Question 2 imposed a 15 percent excise tax on marijuana sales by cultivation facilities (wholesale). It mandated that annual State licensing fees range from $3,300 to $30,000, depending on the type of license. Question 2 was designed to allocate revenue from the tax, licensing fees, and penalties first to the Department of Taxation and local governments to cover costs related to the measure, and then all remaining revenue to the State Distributive School Account. Recommending an additional tax at retail point of sale is consistent with the concepts of value added taxation found in Question 2.

6. **What issue(s) does the recommendation resolve?**

This recommendation accomplishes 3 objectives: 1) It provides revenue for important State priorities from a product that is considered a discretionary purchase for most people, 2) it is still a low enough rate to keep the price disparity between legal, regulated businesses and illegal, black market operators small enough to discourage a significant black market from arising, and, 3) it creates a significant enough difference in the retail price from medical marijuana that medical patients will have a financial incentive to continue to participate in the medical program.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   There was little or no dissent regarding this recommendation.

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   There will need to be legislative action to adopt this recommendation. As this recommendation is consistent with the Governor's recommended budget, the recommended statutory changes will be in legislation supported by the Governor's office.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   None

Fees – Local Government Share

1. **Working group name:**

   Taxation/Revenue/Regulatory Structure Working Group

2. **Individual sponsor(s):**

   Dagny Stapleton, Nevada Association of Counties
   David Goldwater, Former Legislator / Owner

3. **Describe the recommendation:**

   The Taxation/Revenue/Regulatory Structure Working Group recognizes that local government, as critical partners in the delivery of services to Nevada's citizens, and stewards of the health safety and welfare of Nevada's communities, should share in the revenues generated from the creation and taxation of the marijuana industry in Nevada. The voters of Nevada recognized this and spoke to it in Question 2. The Working Group also recognizes that the target tax rate at retail is approximately 30%, and that more than that could drive the expansion of a black market. The Working Group recommends that local government should receive a share of revenues generated by this new industry, both so that they share in the financial benefits from legalization of marijuana, as well as to mitigate the impacts that will be felt at local government levels throughout the State.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 1 - Promote the health, safety, and well-being of communities
   Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments, and the industry.
   Guiding Principle 4 - Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome.

5. **What provision(s) of Question 2 does this recommendation apply to?**

   The preamble to Question 2 states that the cultivation and sale of marijuana "should be regulated similar to other legal businesses," and"… in a manner similar to alcohol." Like alcohol, a discretionary purchase for most people yet one that requires a strict regulatory structure, revenues from the taxation of marijuana are intended to support and provide a benefit to both State and local government in Nevada. Question 2 also imposes an excise tax and creates State licensing fees to ensure that some revenue can be dedicated to the costs related to carrying out the legalization of marijuana and the regulation of the related industry. Supporting the receipt of revenue for local government is consistent with these provisions. Public safety and land use regulation are also referenced in Question 2 - ensuring that local governments receive a share of revenue will support them in carrying out those services as well as the many others that they are mandated to provide to Nevada's citizens including the provision of various health and human services,

indigent medical care and legal defense, the collection of taxes, the creation and maintenance of local infrastructure and emergency response.

6. **What issue(s) does the recommendation resolve?**

   This recommendation provides revenue for critical local government services from a product that is considered a discretionary purchase for most people. This recommendation affirms that the aggregate tax rate at retail should remain low enough to keep the price disparity between legal, regulated businesses and illegal, black market operators small enough to discourage a significant black market.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   Deonne Contine dissented

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   Currently local governments have the authority to impose business license fees; however, to place a cap on those fees, legislation would be needed. Legislation would also be required to impose an additional excise tax.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   None

Application and Licensing Requirements

Application Process

1. **Working Group Name:**

   Taxation/Revenue/Regulatory Structure Working Group

2. **Individual Sponsor(s):**

   Amanda Conner, Attorney at Connor & Connor - Marijuana law
   Neil Krutz, Assistant City Manager, City of Sparks
   Jacqueline Holloway, Director of Business License Development, Clark County
   John Ritter, Nevada Dispensary Association
   Steve Gilbert, Program Manager, Medical Marijuana Program

3. **Describe the Recommendation:**

   The Taxation/Revenue/Regulatory Structure Working Group recommends that, as described in IP1, the qualifications for licensure that are directly and demonstrably related to the operation of a marijuana establishment and the impartial and numerically scored bidding process for "retail marijuana stores", be maintained, however, we recommend the local governments be given the responsibility to affirm candidates location(s) based on requirements within the respective jurisdiction. Conceptually, the recommended process would look as follows:

   - *The Department of Taxation (Department) would receive marijuana establishment applications, score and rank them in each jurisdiction based on an applicant's qualifications as required in IP1.*

   - *The Department will not require zoning approval to be submitted in the marijuana establishment application. If an applicant does have zoning and land use approval and chooses to include it their application, no extra points or merit will be awarded for it being included.*

   - *The Department passes each ranked marijuana establishment list on to the applicable local jurisdiction, based on the maximum number of retail establishments allowed under IP1. This list of applicants will be awarded a conditional license from the Department.*

   - *Each applicant that receives a conditional license from the Department must then get local jurisdiction approval for zoning and land use. If an applicant needs to pursue an alternative location because the original location was denied local approval, the alternative location must be similar in scope with respect to building size, operation, and systems. Licenses will remain conditional until all local requirements have been obtained and submitted to the Department to finalize the application. If all state and local requirements are met, the applicant will be awarded a provisional license allowing them to commence development of their establishment. Licenses will remain provisional until all required audits and inspections have been completed by the Department and the establishment is awarded a final license.*

- *If the marijuana establishment is not able to receive local jurisdiction zoning and land use approval within 18 months from the date the Department issued the conditional license, the applicant will surrender the license back to the department for reissuance through another application process. The Department may extend the 18 months due to extenuating circumstances at the discretion of the Department.*

4. Which Guiding Principle(s) does this recommendation support?

Guiding Principle 1 - Promote the health, safety, and well-being of Nevada's communities. Following this application recommendation will ensure the best applicants are awarded a license.

Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry. This recommendation will help streamline the application process and potentially avoid costly lawsuits in the future.

Guiding Principle 3 - Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome. This recommendation will improve upon the medical marijuana application process that was already successfully used. These minor improvements will make it clearer to the applicant, the Department and remove ambiguity.

5. What provision(s) of Question 2 does this recommendation apply to?

Question 2 states the Department of Taxation would be charged with adopting regulations necessary to carry out the provisions of this ballot measure. The regulations must address licensing procedures; licensee qualifications; security of marijuana establishments; testing, labeling, and packaging requirements; reasonable restrictions on advertising; and civil penalties for violating any regulation adopted by the Department.

IP1 Section 10 (5)(e) states:
Upon request of a county government, the Department may issue retail marijuana store licenses in that county in addition to the number otherwise allowed pursuant to this paragraph

The Department shall approve a license application if the locality in which the proposed marijuana establishment will be located does not affirm to the Department that the proposed marijuana establishment will be in violation of zoning or land use rules adopted by the locality.

6. What issue(s) does the recommendation resolve?

This recommendation would resolve the imbalance of the application score and ranking when it comes to the local jurisdiction approval for marijuana establishment locations. The Department will be tasked with scoring applicants based how well they meet the qualifications described in IP1, and the local jurisdiction will be tasked with zoning and land use approval.

7. Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.

No dissent

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   A statue change will not be required.

   Regulation language will need to be added defining the application process and requirements.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   None

Rating Criteria on Applications

1. **Working group name:**

   Taxation/Revenue/Regulatory Structure Working Group

2. **Individual sponsor(s):**

   John Ritter, Nevada Dispensary Association and The Grove
   Amanda Connor, Attorney Connor & Connor - Marijuana law

3. **Describe the recommendation:**

   The Taxation/Revenue/Regulatory Structure Working Group recommends that the impartial and numerically scored bidding process as described in IP1 for "retail marijuana stores" include the following criteria and weighting to be used for scoring applications. IP1 also requires the department to adopt regulations that include "qualifications for licensure that are directly and demonstrably related to the operation of a marijuana establishment." Therefore we also recommend that the applicable criteria and weighting shown below that demonstrate those qualifications be included in the regulations.

   The following criteria and weighting should be included:

   1. *Applicant has an existing temporary recreational marijuana establishment license that is operational (as defined in the temporary regulations) and in good standing (as defined in the temporary regulations). – Very heavily weighted*
   2. *Applicant has a medical marijuana establishment license that is operational (as defined in the temporary regulations) by December 31, 2017 and is in good standing (as defined in the temporary regulations) - Very Heavily weighted.*
   3. *Owners, officers and/or the management team have direct experience with a medical and/or recreational marijuana establishment for the specific type of marijuana establishment license the applicant is seeking and have demonstrated a track record of operating that establishment in a manner that complies with the requirements of the applicable State regulatory authority overseeing such establishment. Experience in a Nevada marijuana establishment is preferred. – Very Heavily weighted*
   4. *Applicant has demonstrated a track record of paying taxes to the Department of Taxation generated by the operation of a medical or recreational marijuana establishment. - Very heavily weighted*
   5. *Owners, Officers and/or Board members have a demonstrated track record of employing Nevadans and paying state and local taxes and fees in Nevada. - Heavily Weighted*
   6. *Owners, Officers and/or Board members have a demonstrated track record of giving back to the community through their civic and/or philanthropic involvement in Nevada. - Heavily Weighted*
   7. *Owners, Officers, and/or Board members have experience operating another kind of business(s) that has given them applicable experience to running a marijuana establishment in the State of Nevada. - Medium weighted.*

8. *Applicant has submitted a business plan for the operation of the marijuana establishment that demonstrates knowledge and experience with the license type that is being applied for and addresses how the establishment will be operated under the requirements established by regulation of the Department as required by NRS 453D.200 - Medium weighted.*

4. Which guiding principle(s) does this recommendation support?

Guiding Principle 1 - Promote the health, safety, and well-being of Nevada's communities
Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments, and the industry.
Guiding Principle 4 - Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome.

5. What provision(s) of Question 2 does this recommendation apply to?

Question 2 states that there is to be an impartial and numerically scored bidding process for "retail marijuana stores" and that the Department has a duty to use "qualifications for licensure that are directly and demonstrably related to the operation of a marijuana establishment". The recommendation addresses criteria and weighting to apply to each of those provisions.

6. What issue(s) does the recommendation resolve?

This recommendation resolves the issue of how to determine what criteria and weighting should be considered for issuance of a license.

7. Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.

There was no dissent regarding this recommendation.

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

There would need to be adoption of regulations to address this recommendation.

9. Additional information (cost of implementation, priority according to the recommendations, etc.).

None.

Ownership Issues/ Licensing Requirements

1. **Working group name:**

   Taxation/Revenue/Regulatory Structure Working Group

2. **Individual sponsor(s):**

   John Ritter, Advisory Board Member for TGIG, LLC, The Grove
   David Goldwater, Inyo Fine Cannabis Dispensary

3. **Describe the recommendation:**

   The Taxation/Revenue/Regulatory Structure Working Group recommends that the following changes relative to recreational marijuana establishment licensee ownership issues be made from the current medical marijuana establishment rules.

   a) Require only Owners with 5% or more cumulatively (please see below for a definition of cumulatively), Officers and Board members of the company(s) holding the license(s) to be fingerprinted, be required to undergo a background check and resubmit a new application for license renewal.
   [IN ORDER TO MAKE THE MEDICAL PROGRAM CONSISTENT NEED TO CHANGE NRS 453A.332 PARAGRAPH 5]

   b) Require all Owners, regardless of ownership, to be fingerprinted, be required to undergo a background check and resubmit a new application only every five years whether for a renewal or not.
   [IN ORDER TO MAKE THE MEDICAL PROGRAM CONSISTENT NEED TO CHANGE NRS 453A]

   c) Only require Owners with 5% or more ownership cumulatively, Directors and Officers of the company(s) holding the license(s) and employees of the company to obtain agent registration cards.
   [FOR MEDICAL: Officers and Board members must obtain agent cards under 453A.410 (2) (a). An Owner with less than 5% interest, that is not an Officer or Board member, does not need to obtain an agent card pursuant to NAC 453A.302.]

   d) For the purposes of signing ownership transfers, applications and any other appropriate legal or regulatory documentation, the Department shall look to the governing documents of the company that holds the license to assess who has approval rights and signatory authority. If the documents require a vote to establish that authority then the Department shall have the right to request documentation evidencing that a vote has taken place.
   [IN ORDER TO MAKE THE MEDICAL PROGRAM CONSISTENT NEED TO CHANGE NRS 453A]

   "Cumulatively" shall mean the cumulative ownership any particular natural person holds in any Nevada company(s) that owns licensed recreational marijuana establishments.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments, and the industry.
   Guiding Principle 4 - Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome.

5. **What provision(s) of Question 2 does this recommendation apply to?**
   Section 2 (b) of IP1 states that "Business owners are subject to a review by the State of Nevada to confirm that the business owners … are suitable to produce or sell marijuana;"
   Section 5 paragraph 1 of IP1 states that "The regulations must not prohibit the operation of marijuana establishments, either expressly or through regulations that make their operation unreasonably impractical."

6. **What issue(s) does the recommendation resolve?**

   To allow companies that own marijuana establishment licenses in which there are multiple Owners that own less than 5%, in some cases far less, to be able to operate practically and efficiently. To allow companies that own marijuana establishment licenses to function based on their governing documents as companies are allowed to do in other industries.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   No dissent.

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   There would need to be adoption of a regulation to address this recommendation.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   None

Monopolies - Limitations on the Number of Marijuana Establishments

1. **Working group name:**

   Taxation/Revenue/Regulatory Structure Working Group

2. **Individual sponsor(s):**

   John Ritter, Advisory Board Member for TGIG, LLC, The Grove
   Dagny Stapleton, Nevada Association of Counties
   Steve Gilbert, Program Manager DPBH Medical Marijuana Program

3. **Describe the recommendation:**

   The Taxation/Revenue/Regulatory Structure Working Group recommends that the same limitations that were applied in the medical program for medical marijuana establishment registration certificates be used for the recreational marijuana licensing process. The recommendation applies this limitation specifically to retail marijuana stores not only in a county whose population is 100,000 or more but also in each local jurisdiction within that county.

   The recommendation is to adopt regulations similar to NRS 453A.326: … limitation on number of licenses issued to any one person; …

   2. To prevent monopolistic practices, the Department shall ensure, in a county whose population is 100,000 or more, that it does not issue, to any licensee, the greater of:

   (a) One retail store license; or

   (b) More than 10 percent of the retail store licenses allocable in the county along with the same limitation on the local governmental jurisdiction level.

   4. As used in this section, "local governmental jurisdiction" means a city or unincorporated area within a county.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 1 - Promote the health, safety, and well-being of Nevada's communities
   Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments, and the industry.
   Guiding Principle 4 - Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome.

5. **What provision(s) of Question 2 does this recommendation apply to?**
   Section 5 (a) of IP1 describes that the Department shall adopt all regulations necessary to carry out the provisions of the act including "Procedures for the issuance ... of a license to operate a marijuana establishment."

6. **What issue(s) does the recommendation resolve?**

   To prevent monopolistic practices this recommendation ensures that no one "person" can own or control more that 10% of the retail marijuana store licenses in a county whose population is 100,000 or more and not more than 10% of the retail marijuana store licenses in each local jurisdiction within that county.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   No dissent.

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   There would need to be adoption of a regulation to address this recommendation.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   None

Agent Card Requirements

1. **Working group name:**

   Taxation/Revenue/Regulatory Structure Working Group

2. **Individual sponsor(s):**

   Jennifer Wilcox, Essence Cannabis Dispensary
   Marla. McDade – Williams, Strategies 360

3. **Describe the recommendation:**

   The Taxation/Revenue/Regulatory Structure Working Group recommends that the revised agent card application process as pursuant to Assembly Bill No. 422 be applied to recreational licenses (revised provisions related AB 422 outlined below):

   Existing law requires a medical marijuana establishment that wishes to retain as a volunteer or employ or contract with a person to provide labor to the medical marijuana establishment to submit an application to register the person as a medical marijuana establishment agent. (NRS 453A.332)

   - ***Section 31*** *of the AB422 bill allows such a person to submit an application for registration as a medical marijuana establishment agent on his or her own behalf.*

   - ***Section 31*** *also provides for the temporary registration of a person as a medical marijuana establishment agent upon submission of a complete application for registration or renewal of registration.*

   - ***Section 31*** *allows an independent contractor or employee of an independent contractor who is registered as a medical marijuana establishment agent to provide labor to any medical marijuana establishment and any other person who is registered as a medical marijuana establishment agent to work or volunteer at any medical marijuana establishment for which the category of the person's medical marijuana establishment agent card is valid.*

   The group recommends applying the proposed revisions above to the recreational marijuana agent card application process.

6. **What issue(s) does the recommendation resolve?**

   This recommendation would ensure efficiency with recreational establishments as it relates to cards for agents and independent contractors:

   - *Allows potential employees to apply directly to the State to obtain registered agent card and allows them to work while card is pending;*

- *Allows agents and independent contractors to obtain one card for each type of facility rather than multiple cards*

- *Allows temporary registration of a person as an establishment agent*

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   No dissent

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   This recommendation should become part of the final recommendations for recreational marijuana licensing.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   This has been discussed at session (AB422), Assemblyman Araujo agreed to carry the revision of the agent card application process.

Retail Store Allocation

1. **Working group name:**

   Taxation/Revenue/Regulatory Structure Working Group

2. **Individual sponsor(s):**

   John Ritter, Nevada Dispensary Association & Owner
   Amanda Connor, Attorney Connor & Connor - Marijuana law

3. **Describe the recommendation:**

   The Taxation/Revenue/Regulatory Structure Working Group recommends that the retail marijuana store licenses allocated to the counties, as described in IP1, be distributed to the local jurisdiction(s) within those counties prorata based on the population in the jurisdiction(s).

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 1 - Promote the health, safety, and well-being of Nevada's communities
   Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments, and the industry.
   Guiding Principle 4 - Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome.

5. **What provision(s) of Question 2 does this recommendation apply to?**

   Question 2 imposed a limitation on the number of retail stores located in the counties. The recommendation addresses how those retail store licenses should be distributed.

6. **What issue(s) does the recommendation resolve?**

   This recommendation ensures even distribution of the retail marijuana licenses to ensure that the needs to the consumers, non-consumers, local government and industry are met by preventing over or under saturation of retail marijuana stores in particular areas.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   There was no dissent regarding this recommendation.

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

There would need to be adoption of a regulation or statute to address this recommendation.

9. Additional information (cost of implementation, priority according to the recommendations, etc.).

None

Inventory Tracking

Inventory Control

1. **Working group name:**

   Operations - Production/ Manufacturing

2. **Individual sponsor(s):**

   Anna Thornley, Deputy Director, Retail Marijuana, Department of Taxation
   Brian Hyun, Production Manager/Owner, The Grove
   Jake Ward, President, Pure Tonic Concentrates

3. **Describe the recommendation:**

   Each marijuana facility should maintain a perpetual inventory system which adequately documents the flow of controlled inventory through the cultivating, manufacturing, distributing, and retail sale process and is updated daily.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry

   Guiding Principle 4 - Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome

5. **What provision(s) of Question 2 does this recommendation apply to?**

   NRS 453A.322 requires that an MME develop operating procedures which includes "The use of an electronic verification system and inventory control system…"

6. **What issue(s) does the recommendation resolve?**

   This recommendation allows State and Local authorities to retroactively and in real time monitor the chain of custody of marijuana products within individual establishments, from establishment to establishment, and from seed to sale. State and Local oversight plays an important role in avoiding diversion.

   This recommendation is intended to cover inventory control systems for individual establishments only.

This recommendation is not intended to cover the issue of a centralized seed-to-sale system overseen by the Department or Department contractors. That issue will be covered in a separate recommendation.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   No Dissent

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   There is a solid framework already in place within the Medical regulations which should be mostly adapted to recreational marijuana regulation. Other than normal formatting changes, the only recommended changes from the 453A language is that the terms "Quantity of THC" and "measured in milligrams" should be removed. This is because it is impractical and unnecessary from both a business and regulatory standpoint for producers, cultivators, and distributors to be required to track THC amounts, measured in milligrams, across their entire inventory. Total THC can't be totaled for plants that are growing or infused products until lab results are received on "finished" products. Total THC amounts will still be able to be calculated if necessary and if possible via product weights and laboratory results on specific products in inventory.

   "Inventory control system" should be defined as it is in NRS 453A.108 "Inventory control system" means a process, device or other contrivance that may be used to monitor the chain of custody of marijuana used ~~for medical purposes~~ from the point of cultivation to the end consumer."

   Section 34 of LCB File No. R148-15 amends NAC 453A.414. The amended section should be adapted into the permanent recreational marijuana regulations with the purpose of providing oversight for inventory control issues. There are standard "~~medical~~ to recreational" formatting changes required in the language, and the following functional changes should also take place:

4. Each cultivation facility, ~~medical~~ marijuana [establishment] dispensary and facility for the production of edible marijuana products or marijuana-infused products shall establish and implement an inventory control system that documents:

(a) Each day's beginning inventory, acquisitions, harvests, sales, disbursements, disposal of unusable marijuana and ending inventory [.] , including, without limitation, the:

(1) Number of plants and cuttings;

(2) Weight of flowers, measured in grams;

(3) Weight of trim, measured in grams;

~~(4) Quantity of THC, measured in milligrams~~; and

(5) Weight of seeds, measured in grams.

~~(b) When acquiring medical marijuana from a person who holds a valid registry identification card [or his or her] , including, without limitation, a designated primary caregiver:~~

~~(1) A description of the medical marijuana acquired, including the amount and strain as specified by the cardholder , [or caregiver,] if known;~~

~~(2) The name and number of the valid registry identification card of the person who provided the medical marijuana ; [or, if provided by a designated primary caregiver, his or her name;]~~

~~(3) The name and medical marijuana establishment agent registration card number of the medical marijuana establishment agent receiving the medical marijuana on behalf of the medical marijuana dispensary; and~~

~~(4) The date of acquisition.~~

(c) When acquiring ~~medical~~ marijuana from another ~~medical~~ marijuana establishment:

(1) A description of the ~~medical~~ marijuana acquired, including the amount, strain and batch number [;] , lot number and production run number, or any combination thereof;

(2) The name and identification number of the ~~medical~~ marijuana establishment registration certificate of the ~~medical~~ marijuana establishment providing the ~~medical~~ marijuana;

(3) The name and ~~medical~~ marijuana establishment agent registration card number of the ~~medical~~ marijuana establishment agent providing the ~~medical~~ marijuana;

(4) The name and ~~medical~~ marijuana establishment agent registration card number of the ~~medical~~ marijuana establishment agent receiving the ~~medical~~ marijuana on behalf of the ~~medical~~ marijuana establishment; and

(5) The date of acquisition.

(d) For each batch of marijuana cultivated:

(1) The batch number [.] , lot number and production run number, as applicable.

(2) Whether the batch originated from marijuana seeds or marijuana cuttings.

(3) The strain of the marijuana seeds or marijuana cuttings planted.

(4) The number of marijuana seeds or marijuana cuttings planted.

(5) The date on which the marijuana seeds or cuttings were planted.

(6) A list of all chemical additives used in the cultivation, including, without limitation, nonorganic pesticides, herbicides and fertilizers.

(7) The number of marijuana plants grown to maturity.

(8) Harvest information, including, without limitation:

(I) The date of harvest;

(II) The final yield weight of processed usable marijuana [;] , in grams; and

(III) The name and ~~medical~~ marijuana establishment agent registration card number of the ~~medical~~ marijuana establishment agent responsible for the harvest.

(9) The disposal of marijuana that is not usable marijuana, including:

(I) A description of and reason for the marijuana being disposed of, including, if applicable, the number of failed or other unusable marijuana plants;

(II) The date of disposal;

(III) Confirmation that the marijuana was rendered unusable before disposal;

(IV) The method of disposal; and

(V) The name and ~~medical~~ marijuana establishment agent registration card number of the ~~medical~~ marijuana establishment agent responsible for the disposal.

(e) When providing ~~medical~~ marijuana to another ~~medical~~ marijuana establishment:

(1) The amount, strain , [and] batch number , lot number and production run number, as applicable, of ~~medical~~ marijuana provided to the ~~medical~~ marijuana establishment;

(2) The name and ~~medical~~ marijuana establishment registration certificate number of the other ~~medical~~ marijuana establishment;

(3) The name and ~~medical~~ marijuana establishment agent registration card number of the ~~medical~~ marijuana establishment agent who received the ~~medical~~ marijuana on behalf of the other ~~medical~~ marijuana establishment; and

(4) The date on which the ~~medical~~ marijuana was provided to the ~~medical~~ marijuana establishment.

(f) When receiving edible marijuana products from another ~~medical~~ marijuana establishment:

(1) A description of the edible marijuana products received from the ~~medical~~ marijuana establishment, including the total weight of each edible marijuana product and the ~~[estimated]~~ amount of THC~~, measured in milligrams~~, and [batch] the production run number of the marijuana in each edible marijuana product.

(2) The total [estimated] amount and [batch] production run number of marijuana in the edible marijuana products.

(3) The name and:

(I) ~~Medical~~ marijuana establishment registration certificate number of the ~~medical~~ marijuana establishment providing the edible marijuana products to the receiving ~~medical~~ marijuana establishment;

(II) ~~Medical~~ marijuana establishment agent registration card number of the ~~medical~~ marijuana establishment agent providing the edible marijuana products to the receiving ~~medical~~ marijuana establishment; and

(III) ~~Medical~~ marijuana establishment agent registration card number of the ~~medical~~ marijuana establishment agent receiving the edible marijuana products on behalf of the receiving ~~medical~~ marijuana establishment.

(4) The date on which the edible marijuana products were provided to the ~~medical~~ marijuana establishment.

(g) When receiving marijuana-infused products from another ~~medical~~ marijuana establishment:

(1) A description of the marijuana-infused products received from the ~~medical~~ marijuana establishment, including the total weight of each marijuana-infused product and the ~~[estimated]~~ amount of THC~~, measured in milligrams~~, and [batch] the production run number of the marijuana infused in each marijuana-infused product.

(2) The total [estimated] amount and [batch] production run number of marijuana infused in the marijuana-infused products.

(3) The name and:

(I) ~~Medical~~ marijuana establishment registration certificate number of the ~~medical~~ marijuana establishment providing the marijuana-infused products to the receiving ~~medical~~ marijuana establishment;

(II) ~~Medical~~ marijuana establishment agent registration card number of the ~~medical~~ marijuana establishment agent providing the marijuana-infused products to the receiving ~~medical~~ marijuana establishment; and

(III) ~~Medical~~ marijuana establishment agent registration card number of the ~~medical~~ marijuana establishment agent receiving the marijuana-infused products on behalf of the receiving ~~medical~~ marijuana establishment.

(4) The date on which the marijuana-infused products were provided to the ~~medical~~ marijuana establishment.

(h) When receiving concentrated cannabis or products containing concentrated cannabis from a facility for the production of edible marijuana products or marijuana-infused products:

(1) A description of the concentrated cannabis or products containing concentrated cannabis received from the facility for the production of edible marijuana products or marijuana-infused products, including the total weight of each product, the amount of THC, ~~measured in milligrams,~~ and the production run number for each product;

(2) The name and:

(I) ~~Medical~~ marijuana establishment registration certificate number of the ~~medical~~ marijuana establishment providing the concentrated cannabis or products containing concentrated cannabis to the receiving ~~medical~~ marijuana establishment;

(II) ~~Medical~~ marijuana establishment agent registration card number of the ~~medical~~ marijuana establishment agent providing the concentrated cannabis or products containing concentrated cannabis to the receiving ~~medical~~ marijuana establishment; and

(III) ~~Medical~~ marijuana establishment agent registration card number of the ~~medical~~ marijuana establishment agent receiving the concentrated cannabis or products containing concentrated cannabis on behalf of the receiving ~~medical~~ marijuana establishment; and

(3) The date on which the concentrated cannabis or products containing concentrated cannabis were provided to the ~~medical~~ marijuana establishment.

9. Additional information (cost of implementation, priority according to the recommendations, etc.).

None

Centralized Inventory Tracking

1. **Working group name:**

   Operations - Production/ Manufacturing

2. **Individual sponsor(s):**

   Anna Thornley – Department of Taxation
   Bryan Hyun – Owner/Operator – The Grove
   Jake Ward – Pure Tonic Concentrates

3. **Describe the recommendation:**

   All marijuana facilities will have internal inventory control systems and movement of all controlled substances between facilities will be closely monitored per regulation. It has been proposed that a centralized seed-to-sale system also be put into effect by the Department which would centrally monitor all inventory in the State. This data would potentially be used to not only track inventory but also for tracking business transactions so that fair market values may be established per NRS 453D.

   Since inventory control systems are a very important part of how the industry interfaces with regulators, it is recommended that the Department work closely with industry to decide whether a centralized seed-to-sale inventory tracking system is necessary. If the system is deemed necessary, then the Department should work closely with industry to develop system requirements and implement the system.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry

   Guiding Principle 4 - Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome

5. **What provision(s) of Question 2 does this recommendation apply to?**

   - *NRS 453D.200 (c) Requirements for the security of marijuana establishments;*
   - *NRS 453D.200 (d) Requirements to prevent the sale or diversion of marijuana and marijuana products to persons under 21 years of age*
   - *NRS 453D.200 (g) Requirements for record keeping by marijuana establishments*
   - *NRS 453D.200 (l) Procedures to establish the fair market value at wholesale of marijuana*

6. **What issue(s) does the recommendation resolve?**

This recommendation resolves the issue of implementing an inventory control system which is robust enough to allow for the gathering of pertinent data, but not redundant or unduly burdensome on the industry.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   No dissent.

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   The Department will have to reach out to industry to gain some knowledge as to how inventory and transactions are currently tracked and industry will have to learn more about the needs of the Department as final regulations are drafted. Inventory control systems are a very important part of how the industry interfaces with regulators.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   None

Inventory Tracking and Separation of Product

1. **Working group name:**

   Retail Establishments

2. **Individual sponsor(s):**

   Andrew Jolley, President, Nevada Dispensary Association

3. **Describe the recommendation:**

   The Retail Establishments working group recommends that to the degree possible, dual licensed medical marijuana establishments (MMEs) and recreational marijuana establishments (RMEs) should not be required to segregate inventory into medical and recreational products. Although some segregation and delineation may be required based on current tax structures, the working group recommends that to the degree possible, all marijuana products should be inventoried and handled the same way until the point of sale.

   These recommendations are based on the following propositions:

   - *Segregating inventory into medical and recreational products would lead to operational inefficiencies and will ultimately increase the cost to patients and consumers;*
   - *The Nevada medical marijuana program leads the nation in its inventory and tracking standards;*
   - *The Nevada medical marijuana program has been successful in protecting patient and public health and safety;*
   - *Colorado operators and regulators have advised Nevada legislators to avoid the inefficiencies and confusion that results from unnecessarily segregating product inventory; and*
   - *Products can be designated as a medical or recreational purchase at the point of sale for tax and reporting purposes.*

4. **Which guiding principle(s) does this recommendation support?**

   Efficient inventory management promotes the guiding principle to be responsive to the needs and issues of consumers, non-consumers, local governments, and the industry. The measure would also promote efficient and effective regulations that are clear and reasonable and not unduly burdensome.

5. **What provision(s) of Question 2 does this recommendation apply to?**

   This recommendation applies to Initiative Petition 1 ("IP1"), Section 5, which bestows the responsibility for regulating recreational marijuana in the Department of Taxation. Section 13.1.b requires MREs to "Secure the inventory and equipment of the marijuana establishment during and after operating hours to deter and prevent theft of marijuana." Allowing products to be stored together and not requiring unnecessary segregation and delineation will assist MREs to operate more efficiently and to better secure inventory.

6. **What issue(s) does the recommendation resolve?**

Allowing products to be stored together and not requiring unnecessary segregation and delineation will assist MREs to operate more efficiently and to better secure inventory.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   Jennifer DeLett-Snyder of Join Together Northern Nevada and the Nevada Statewide Coalition Partnership dissents for this reason: medical marijuana is currently regulated by the Department of Public and Behavioral Health as a medicinal product. If medical marijuana continues to be viewed by the state as a medical product, regardless of the regulatory department, the product should remain separated from other marijuana products that will be sold to the general public for recreational purposes.

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   This recommendation can be taken by Department of Taxation as a general guideline when promulgating regulations that will affect inventory management. Additionally, in the event that tax structures for medical and recreational products become normalized, this recommendation can be implemented to apply to all or most products in dual licensed facilities.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   The intent of this recommendation is to save money.

Retail Store Operations

Operations – Service

1. **Working group name:**

   Retail Establishments

2. **Individual sponsor(s):**

   Mona Lisa Samuelson - Marijuana Advocate
   Wes Henderson - Executive Director, Nevada League of Cities & Municipalities

3. **Describe the recommendation:**

   The Operations Retail Establishment working group recommends the Department of Taxation include provisions in any regulation giving preference in a dual-use licensed facility to holders of a medical marijuana card.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 2- Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry.

   Guiding Principle 4- "Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome".

5. **What provision(s) of Question 2 does this recommendation apply to?**

   Section 5(1)(k) of the initiative.

6. **What issue(s) does the recommendation resolve**?

   The inconvenience for medical marijuana patients due to an increase of traffic in the dual use license facilities.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   No

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   Not known

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   Not known

Retail Regulations

1. **Working group name:**

   Operations- Retail Establishment

2. **Individual sponsor(s):**

   Riana Durrett, Executive Director, Nevada Dispensary Association

3. **Describe the recommendation:**

   The Operations- Retail Establishment working group recommends that the Department of Taxation ("Department") apply the medical marijuana program regulations to the retail marijuana program, with certain exceptions. Nevada's medical marijuana program is exemplary in many areas and the medical marijuana regulations should be adopted and applied to recreational marijuana, with the exceptions identified and discussed below. The exceptions below pertain to dispensaries as other working groups are expected to address the regulations that pertain to their designated subject matter.

   The regulations promulgated under IP1 should be codified in a separate sub-chapter, for example, NAC 453D.

   1) Application to Operate Establishment

   NAC 453A.304 to NAC 453A.332 provide the requirements for applying for and renewing a license to operate a medical marijuana establishment. These requirements would need to be revised to reflect the mandates under IP1, including the provisions for dual licensure.

   2) Entry and Identification of Patients/Customers

   Under NAC 453A.406, a person must be a patient or primary caregiver to be on the premises of a dispensary, other than registered agents and properly authorized visitors.

   NAC 453D should only limit persons under 21 years of age from entering a dispensary. Those persons should be limited to the retail/customer area and not allow access to restricted areas, unless they are a properly authorized visitor who is accompanied and monitored by a registered agent at all times. NAC 453D should adopt the same provisions as NAC453A with regards to visitor access, visitor identification, visitor logs, etc.

   NAC 453D should specify that any person can enter the dispensary by showing proof they are 21 years of age or proof they are a patient or caregiver. However, persons entering the dispensary who wish to go beyond the customer/retail area of the dispensary must be a registered agent, properly authorized visitor, or law enforcement or regulator.

Any dispensary that allows entry of those under 21 years of age that is not properly authorized shall be subject to disciplinary action ranging from a fine to revocation, depending on the culpability of the dispensary.

3) Patient Records

NAC 453A.452 sets forth the requirements pertaining to patient records and requiring documentation for denial of sales to a patient. NAC453D should eliminate this requirement.

4) Tracking Sales

Under NAC 453A.412, a dispensary agent must verify patient identification, offer education materials, verify purchase would not exceed patient's 2.5 ounce limit, verify the validity of the patient card, and enter the patient's identification, purchase amount, and information about the dispensary into the on-line portal and inventory control system.

NAC 453D should eliminate each of these requirements. NAC453D should only impose the 1-ounce purchase limit, but not require a customer to show any identifying information, other than proof that the person is over 21 years of age and it should not require the dispensary to document any information provided by the customer.

5) Labeling

Under NAC453A.510, the dispensary must affix a label to each product that includes various information, such as patient name. Under IP1, the Department should revise the requirements for labeling retail marijuana to reflect the provision in IP1 that precludes the Department from tracking customer information.

Further, the Department should require dispensaries to include label information with each purchase, but it should not require each dispensary to "affix" the label to the product. Dispensaries have faced unnecessary challenges from the requirement to "affix" the label because some products are too small for a label. The dispensary should be required to provide the label information with the purchase, just as prescription drug information is often provided in a separate booklet with the purchase of the prescription.

Further modifications to the labeling requirements should be addressed in a separate recommendation.

6) Purchase limits

NAC 453A.412 requires verification of patient purchase limits and requires dispensaries to only sell within those limits. Any limits under NAC453D would be 1 ounce of marijuana or 1/8th of an ounce of concentrated cannabis, per IP1, but the dispensary is not required to track recreational purchase amounts as required they are under the medical marijuana program.

7) Training

Training is currently addressed under NAC 453A.336. The same training should be required

under NAC 453, but should be expanded. Further training requirements will be proposed in a separate recommendation.

4. **Which guiding principle(s) does this recommendation support?**

   This recommendation promotes efficient and effective regulations that are clear and reasonable and not unduly burdensome.

5. **What provision(s) of Question 2 does this recommendation apply to?**

   This recommendation applies to Initiative Petition 1 ("IP1"), Section 5, which vests the responsibility for regulating recreational marijuana in the Department of Taxation and allows for a "dual license" of retail and medical establishments.

6. **What issue(s) does the recommendation resolve?**

   The sponsor of this recommendation and leaders in the medical marijuana industry, including legislators and regulators, strongly recommend that the Department adopt the medical marijuana regulations to regulate the retail marijuana market, with specific exceptions and adaptations. The medical marijuana regulations lead the nation in testing, tracking, safety, etc. However, not all of the current regulations are compatible or consistent with IP1 and thus some must be revised to comport with IP1. The regulations that pertain to dispensaries that must be revised to comport with IP1 are addressed above.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   No

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   The Department will need to promulgate regulations pertaining to the retail marijuana program, as mandated by IP1. The Department should adopt the same regulations that apply to the medical marijuana, with specific exceptions. The exceptions that apply to dispensaries are discussed above.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   Not known

Cultivation Operations

Outdoor Cultivation-Buffer Zone

1. **Working group name:**

   Cultivation Working Group

2. **Individual sponsor(s):**

   Lynn Hettrick – Division Administrator - Nevada Department of Agriculture
   Tessa Rognier – Agriculturist III - Nevada Department of Agriculture

3. **Describe the recommendation:**

   Both marijuana and industrial hemp are in the genus Cannabis Sativa L. Cross pollination can destroy the value of both crops. The recommendation is to establish a buffer zone of at least five miles between outdoor Cannabis Cultivation Facilities or from any indoor cannabis cultivation facilities, unless the Nevada Department of Agriculture grants a variance. It will be necessary for the Nevada Department of Agriculture to be informed of the proposed site of an outdoor Cannabis Cultivation facility during the application process to ensure that there is an adequate buffer zone to prevent cross pollination of the cannabis crops.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry

   Guiding Principle 6 - Establish regulations that are clear and practical, so that interactions between law enforcement, consumers, and licensees are predictable and understandable

   Guiding Principle 7 - Take action that is faithful to the text of Question 2

5. **What provision(s) of Question 2 does this recommendation apply to?**

   The provisions of Question 2 that allow for Outdoor Cannabis Cultivation, as opposed to Medical Cultivation which must be inside a warehouse or greenhouse facility.

   Section 13, Subsection 2: All cultivation, processing, and manufacture of marijuana must take place at a physical address approved by the Department and within an area that is enclosed and locked in a manner that restricts access only to persons authorized to access the area. The area may be uncovered only if it is enclosed with security fencing that is designed to prevent unauthorized entry and that is at least 8 feet high.

6. **What issue(s) does the recommendation resolve?**

The issue is of cross pollination that may occur between male industrial hemp species with less than 0.3% THC that produce pollen, and female cannabis plants cultivated for medicinal/adult consumption.
The recommended buffer zone would also limit the possibility of female hemp species with less than 0.3% THC being pollinated by cannabis plants cultivated for medicinal/adult consumption that contain more than 0.3% THC.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

No, everyone in the working group was in agreement there should be regulations set in place to prevent both of the fore mentioned situations.

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

Recommendation to add the following into regulation for outdoor cannabis cultivation facilities:

Outdoor cannabis cultivation facilities need to be isolated at least 5 miles from any other outdoor cannabis cultivation facilities and any indoor cannabis cultivation facilities to limit the possibility of cross pollination between male and female cannabis plants. Cannabis cultivation is defined as industrial hemp cultivation and/or marijuana cultivation. The Department of Agriculture may consider granting a variance relating to isolation distances of cannabis cultivation facilities.

Application for certification of location Outdoor Cannabis Cultivation

1. *For each outdoor cultivation location, an applicant must submit to the Department of Agriculture an application for verification of adequate isolation. An outdoor cultivation facility may request from the NDA, confirmation of adequate buffer zone isolation prior to submitting the application for certification of location.*

2. *Each application must:*

   (a) Be on a form obtained from the Department of Agriculture;
   (b) Include documentation that verifies that the cultivator has;
   1) Appropriate licensing,
   2) Approved zoning and
   3) Any other use approvals required by the local jurisdiction;
   (c) Include a map and/or GPS co-ordinates that demonstrates the location of the proposed cultivation facility;
   (d) Include any other information requested by the Department of Agriculture;
   (e) Be received and approved by the Department of Agriculture before the proposed cultivation area begins operations.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

A consolidated budget, including the services to be provided by the NDA, has been submitted to the Department of Taxation.

Home Cultivation

1. **Working group name:**

   Cultivation Working Group

2. **Individual sponsor(s):**

   Lynn Hettrick – Division Administrator - Nevada Department of Agriculture
   Jason Strull – 374 Labs

3. **Describe the recommendation:**

   Recommendation is to add to the following to the applicable NAC Sections

   Personal use cultivation of marijuana must be registered with the Department of Taxation

   Personal use cultivated marijuana is subject to the same quality standards, set forth by the Department of Taxation, as commercially cultivated marijuana, including but not limited to pesticide, heavy metal, microbial and mycotoxin contamination levels.

   Untested personal use cultivated marijuana that is given or delivered and that has not been tested by an Independent Laboratory must be clearly labeled: "This marijuana is not tested and may contain harmful pesticides and other contaminants"

   In the event there is a complaint with given or delivered personal use marijuana, an independent laboratory or the Nevada Department of Agriculture may test the product. If the product is found to have level of contaminants exceeding the limits set forth by the Department, Nevada Department of Public Health, or any other applicable agency, the Department of Taxation may take reasonable action against the cultivator.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 1- Promote the health, safety, and well being of Nevada's communities

   Guiding Principle 6 - Establish regulations that are clear and practical, so that interactions between law enforcement, consumers, and licensees are predictable and understandable

   Guiding Principle 7 - Take action that is faithful to the text of Question 2

5. **What provision(s) of Question 2 does this recommendation apply to?**

   The provisions of Question 2 that allow for Personal Cannabis Cultivation

6. **What issue(s) does the recommendation resolve?**

   Establishes clear and practical guidelines that marijuana cultivated for personal use is subject to the same safety regulations as marijuana sold by marijuana establishments.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   No dissent

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   Amend the appropriate sections of the NAC, including Section 14 of IP 1, for penalties for violations of the recommended home cultivation standards

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   None

Pesticide Application and Worker Protection Standards

1. **Working group name:**

   Cultivation Working Group

2. **Individual sponsor(s):**

   Lynn Hettrick – Division Administrator - Nevada Department of Agriculture
   Tessa Rognier – Agriculturist III - Nevada Department of Agriculture
   Jason Strull, Lab Director, 374 Labs
   Armen Yemenidjian, Integral Associates II

3. **Describe the recommendation:**

   The recommendation is to establish for compliance with Pesticide Worker Protection Standards and Certification through Nevada Department of Agriculture (NDA) Pesticide Certification Program of at least one cultivation facility staff member in Commercial Greenhouse category for indoor cultivation and/or Commercial Agricultural Plant/Animal category for outdoor cultivation. Random and/or scheduled facility visits by NDA staff inspectors in conjunction with cultivation and pesticide consultations, quality assurance or for cause, such as a complaint. These provisions are required by 40 CFR Part 170 Worker Protection Standard, and 40 CFR Part 150 to 180 Pesticide Programs.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 6 - Establish regulations that are clear and practical, so that interactions between law enforcement, consumers, and licensees are predictable and understandable

5. **What provision(s) of Question 2 does this recommendation apply to?**

   Section 13, Subsection 5: A marijuana establishment is subject to reasonable inspection by the Department, and a person who holds a marijuana establishment license must make himself or herself, or an agent thereof, available and present for any inspection required by the Department. The Department shall make reasonable accommodations so that ordinary business is not interrupted and safety and security procedures are not compromised by the inspection.

6. **What issue(s) does the recommendation resolve?**

   To ensure safe use of pesticides in outdoor and indoor cultivation facilities, considered under Worker Protection Standards to be indoor/outdoor greenhouses and outdoor cultivation farm establishments.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

No dissent

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

Recommendation to add the following into regulation for cannabis cultivation facilities:

Certification through Nevada Department of Agriculture (NDA) Pesticide Certification Program of at least one cultivation facility staff member in Commercial Greenhouse category for indoor cultivation and/or Commercial Agricultural Plant/Animal category for outdoor cultivation. This is an existing procedure for pesticide applicators. The test typically takes less than one hour and costs $50.00.
Pesticide Education Consultation performed by Nevada Department of Agriculture inspectors with Cultivation Staff at initial Certification of Indoor/Outdoor cannabis cultivation facilities.
Submit to random and/or scheduled facility visits by NDA staff inspectors in conjunction with quality assurance or for cause, such as a complaint.
Provide funding for the NDA to provide the services required by federal law.

Applicable NAC with suggested changes:

NAC 453A.306 Applications to operate establishment: Required provisions. (NRS 453A.322, 453A.344, 453A.370) *An application submitted in response to a request for applications issued pursuant to NAC 453A.304 must include:*
11. *Evidence that the applicant has a plan to staff, educate and manage the proposed medical marijuana establishment on a daily basis, which must include, without limitation:*
(a) A detailed budget for the proposed medical marijuana establishment, including pre-opening, construction and first year operating expenses;
(b) An operations manual that demonstrates compliance with this chapter;
(c) An education plan which must include, without limitation, providing educational materials to the staff of the proposed medical marijuana establishment; and
(d) A plan to minimize the environmental impact of the proposed medical marijuana establishment.
(e) At least one Certified Pesticide Applicator at each facility, certified by the Nevada Department of Agriculture pesticide program, in the Greenhouse Category for indoor/outdoor greenhouse marijuana cultivations and/or Agricultural Plant and/or Agricultural Animal Categories for outdoor marijuana cultivation depending on the type of cultivation facility.

CHAPTER 555 - CONTROL OF INSECTS, PESTS AND NOXIOUS WEEDS

NAC 555.440 Precautionary requirements. (NRS 555.380, 555.400)
1. A licensee or certified applicator engaged in the application of pesticides shall exercise reasonable precautions to protect persons, animals, crops and property from harm or damage.
2. A pesticide or its empty container must not be disposed of or left unattended where it may present a hazard to any person, animal, crop or property, or be disposed of in a manner likely to cause injury. A licensee or certified applicator shall ensure that all empty containers are removed from the operations work site or otherwise safeguarded.

3. A licensee or certified applicator engaged in the application of pesticides shall:
(a) Provide his or her employees with the information, precautions and safety equipment required by the manufacturer of the pesticide or recommended by the Department; and
(b) Ensure that any safety equipment provided pursuant to paragraph (a) is in good working order.
4. A licensee or certified applicator engaged in the application of pesticides shall use materials, dosages, formulas, devices and methods of application and disposal only in accordance with the directions on the label of the pesticide or device registered by the Environmental Protection Agency, registered by the Department or in accordance with the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. §§ 136 et seq.
5. A licensee who performs a preconstruction treatment to the soil using a liquid termiticide shall use, unless otherwise authorized by the Director:
(a) A flow metering device which is accurately calibrated to display the number of gallons of termiticide dispensed pursuant to NAC 555.410, 555.428 and 555.700; or
(b) A measuring device which is accurately calibrated by the equipment manufacturer to display the number of gallons of termiticide dispensed pursuant to NAC 555.410, 555.428 and 555.700.
[Dep't of Agriculture, part No. 55.34, eff. 6-1-59; A 7-1-69; 5-22-72; + part No. 55.37, eff. 8-1-74; A 1-17-77] — (NAC A 2-5-82; R033-01, 5-1-2002; R062-10, 1-13-2011)

9. Additional information (cost of implementation, priority according to the recommendations, etc.).

A consolidated budget for the services to be provided by the NDA has been submitted to the Department of Taxation.

Pesticides

1. **Working group name:**

Cultivation Working Group

2. **Individual sponsor(s):**

Lynn Hettrick – Division Administrator - Nevada Department of Agriculture
Tessa Rognier – Agriculturist III - Nevada Department of Agriculture

3. **Describe the recommendation:**

Recommendation is to use the existing statutes for pesticide application and the existing Medical Marijuana Cultivation statutes, regulations and policies to regulate Outdoor and Indoor Cultivation of Marijuana in regards to pesticides that can be applied on marijuana crops in the state of Nevada.

PESTICIDES USED ON MARIJUANA

NRS 555.380 Regulations of Director: Materials and methods for application.

1. The Director may, by regulation, prescribe materials or methods to be used and prohibit the use of materials or methods in custom application of pesticides, to the extent necessary to protect health or to prevent injury because of the drifting, washing or application of those materials to desired plants or animals, including pollinating insects and aquatic life.

2. In adopting the regulations, the Director shall give consideration to relevant research findings and recommendations of other agencies of this State or of the Federal Government.

NRS 586.550 Requirements for use of certain pesticides by medical marijuana establishments; publication of list of approved pesticides for use on medical marijuana.

1. A medical marijuana establishment may use a pesticide in the cultivation and production of marijuana, edible marijuana products and marijuana-infused products if the pesticide:

(a) Is exempt from registration pursuant to 40 C.F.R. § 152.25 or allowed to be used on Crop Group 19, as defined in 40 C.F.R. § 180.41(c)26, hops or unspecified crops or plants;

(b) Has affixed a label which allows the pesticide to be used at the intended site of application; and

(c) Has affixed a label which allows the pesticide to be used on crops and plants intended for human consumption.

2. The State Department of Agriculture shall, in accordance with the provisions of this pursuant to this section and accept requests from pesticide manufacturers and medical marijuana establishments, or a representative thereof, to add pesticides to the list.

3. As used in this section:

(a) "Edible marijuana products" has the meaning ascribed to it in NRS 453A.101.

(b) "Marijuana" has the meaning ascribed to it in NRS 453A.110.
(c) "Marijuana-infused products" has the meaning ascribed to it in NRS 453A.112.
(d) "Medical marijuana establishment" has the meaning ascribed to it in NRS 453A.116.
(Added to NRS by 2015, 3103)

4. Which guiding principle(s) does this recommendation support?

Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry

Guiding Principle 6 - Establish regulations that are clear and practical, so that interactions between law enforcement, consumers, and licensees are predictable and understandable

Guiding Principle 7 - Take action that is faithful to the text of Question 2

5. What provision(s) of Question 2 does this recommendation apply to?

The provisions of Question 2 that allow for Dual Licensing.

6. What issue(s) does the recommendation resolve?

Establishes clear and practical guidelines that, regardless of which program marijuana is cultivated under, the pesticide application policy will remain uniform in application.

7. Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.

No dissent

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

*Utilize the existing provisions of **NRS 555.380** and **NRS 586.550;** which provide the Nevada Department of Agriculture the authority to regulate pesticide applications and adapt the existing Medical Marijuana DPBH statutes, regulations and policies regarding pesticide application for all marijuana cultivation in Nevada.*

9. Additional information (cost of implementation, priority according to the recommendations, etc.).

The authority to regulate pesticide applications at marijuana establishments exists within NRS 555.380 and NRS 586.550 as they are written, without altering the existing NRS.

Outdoor Cultivation - Security Requirements

1. **Working group name:**

   Cultivation Working Group

2. **Individual sponsor(s):**

   John Ritter, Nevada Dispensary Association
   Amanda Connor – Connor & Connor PLLC

3. **Describe the recommendation:**

   The Cultivation Working Group recommends that the security requirements for outdoor cultivation be at a minimum equal to the current medical marijuana cultivation requirements, as there is a need to ensure stringent security over the product.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 1 – Promote the health, safety, and well-being of Nevada's communities.
   Guiding Principle 3 – Ensure that youth are protected from the risks associated with marijuana, including preventing the diversion of marijuana to anyone under the age of 21.
   Guiding Principle 4 – Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome.
   Guiding Principle 6 – Establish regulations that are clear and practical, so that interactions between law enforcement (at the local, state and federal levels), consumers, and licensees are predictable and understandable.

5. **What provision(s) of Question 2 does this recommendation apply to?**

   Question 2 allows outdoor cultivation while the current medical marijuana program does not. Therefore, this recommendation addresses what security should be required for outdoor cultivation.

6. **What issue(s) does the recommendation resolve?**

   This recommendation would resolve the concern over outdoor cultivation and the need to have the product adequately monitored and secure.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   There was dissent by Lynn Hettrick and Wes Henderson. They offered the following dissent:

   Dissenting Position Regarding the Security Recommendation

   Point #1

The recommendation to build an 8-foot block wall with razor wire and another chain link fence with razor wire inside of that, around an entire outdoor cultivation facility clearly violates the IP language in Section 3 (19);

19. "Unreasonably Impracticable" means that the measures necessary to comply with the regulations require such a high investment of risk, money, time, or any other resource or asset that the operation of a marijuana establishment is not worthy of being carried out in practice by a reasonably prudent businessperson.

We do not have 8-foot block walls with razor wire around our state prisons. The IP requires "security fencing that is designed to prevent unauthorized entry and that is at least 8 feet high." It can be argued that requiring more than such a fence and requiring other measures that are "unreasonably impractical", is a violation of the NRS created by the voters.
It makes far more sense to require a block building for drying and storage of saleable material than to require a block wall around the cultivation area.

Point #2

The recommendation to require cultivation site location within 15 minutes of law enforcement response time effectively eliminates outdoor cultivation in several ways:

About 85% of Nevada land is controlled by the federal, state and local governments – no legal outdoor cultivation is likely on that land.
A vast percentage of the land remaining that is within 15-minute response time, is either not agricultural land or is inappropriately zoned.
Even if a cultivator can satisfy the zoning limitations, they must then eliminate any land that is "visible from a public place by normal unaided vision".

The 15-minute law enforcement response time forces a would-be cultivator into conflict with zoning laws and visibility restrictions and effectively eliminates all rural agricultural land that could otherwise be used for outdoor cultivation.

Summary

The "unreasonably impractical" provision of the IP applies to every aspect of recreational marijuana. The IP created NRS that allows for outdoor cultivation with an 8-foot-high fence. It is reasonable to add security cameras, motion detectors and lighting. It is not reasonable to add provisions that make it effectively impossible to find a suitable location or make it economically impossible to operate an outdoor cultivation facility.

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

This change will require the Department of Tax to adopt regulation regarding the security requirements for an outdoor cultivation facility. The following suggested security requirements should be included to be similar to medical marijuana cultivation with a few additional requirements given that outdoor cultivation will not be in an enclosed locked facility:

NAC ~~**453A.420**~~ *Security.* ~~(NRS 453A.370~~**)** *To prevent unauthorized access to* ~~medical marijuana at a medical~~ *an outdoor cultivation marijuana establishment, the* ~~medical marijuana~~ *establishment must have:*

1. Security equipment to deter and prevent unauthorized entrance into limited access areas that includes, without limitation:

(a) Devices or a series of devices to detect unauthorized intrusion, which may include a signal system interconnected with a radio frequency method, such as cellular or private radio signals, or other mechanical or electronic device with motion detectors covering the entire cultivation area, perimeter and exterior area.;

(b) Exterior lighting to facilitate surveillance covering the entirety of the cultivation area of the establishment, although if there are times during the grow cycle when the lighting would interfere with the flowering cycle then the lighting should cover the perimeter wall, fence and the exterior area around the cultivation area;

(c) Electronic monitoring, including, without limitation:

(1) At least one call-up monitor that is 19 inches or more;

(2) A video printer capable of immediately producing a clear still photo from any video camera image;

(3) Video cameras with a recording resolution of at least 704 x 480 or the equivalent which provide coverage of the entire cultivation area, perimeter and exterior area around the cultivation area, entrances to and exits from limited access areas and all entrances to and exits from the ~~building~~ *establishment and which are capable of identifying any activity occurring in or adjacent to the* ~~building~~ *establishment;*

~~(4) A video camera at each point of sale location which allows for the identification of any person who holds a valid registry identification card or his or her designated primary caregiver purchasing medical marijuana;~~

~~(5)~~ *(4) A video camera* ~~in each grow room~~ *which is capable of identifying any activity occurring within the grow* ~~room~~ *areas in low light conditions;*

~~(6)~~ *(5) A method for storing video recordings from the video cameras for at least 30 calendar days;*

~~(7)~~ *(6) A failure notification system that provides an audible and visual notification of any failure in the electronic monitoring system;* ~~and~~

~~(8)~~ *(7) Sufficient battery backup for video cameras and recording equipment to support at least 5 minutes of recording in the event of a power outage; and*

(d) Immediate automatic or electronic notification to alert local law enforcement agencies of an unauthorized breach of security at the ~~medical marijuana~~ *establishment in the interior of* ~~each building of~~ *the* ~~medical marijuana~~ *establishment.*

(e) Be located within a 15-minute response time of local law enforcement;

Or

As otherwise determined by local law enforcement to be an acceptable response time.

(f) An alarm system and cameras monitored 24 hours a day.

(g) A solid 8-foot block wall with razor wire on top as the exterior barrier, and then the 8-foot fence inside that wall, also with razor wire on top, installed with 10 to 20 feet separation between them;

Or

A chain link fence with razor wire on top as the exterior barrier, and then the 8-foot fence inside that wall, installed with 10 to 20 feet separation between them as determined by local law enforcement.

(h) A secure block building suitable to dry and store marijuana and marijuana products as approved by the Department. The building must meet the security requirements of indoor cultivation establishments.

2. Policies and procedures:

(a) That restrict access to the areas of the ~~medical marijuana~~ establishment that contain ~~medical~~ marijuana to persons authorized to be in those areas only;
(b) That provide for the identification of persons authorized to be in the areas of the establishment that contain ~~medical~~ marijuana;
(c) That prevent loitering;
(d) For conducting electronic monitoring; and
(e) For the use of the automatic or electronic notification to alert local law enforcement agencies of an unauthorized breach of security at the ~~medical~~ marijuana establishment.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

None

Product Acquisition

1. **Working group name:**

   Cultivation Working Group

2. **Individual sponsor(s):**

   Armen Yemenidjian – Integral Associates, LLC
   Amanda Connor – Connor & Connor PLLC

3. **Describe the recommendation:**

   The Cultivation Working Group recommends that the product acquisition procedures be similar to medical marijuana product acquisition procedures.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 1 – Promote the health, safety, and well-being of Nevada's communities.

   Guiding Principle 3 – Ensure that youth are protected from the risks associated with marijuana, including preventing the diversion of marijuana to anyone under the age of 21.

   Guiding Principle 4 – Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome.

   Guiding Principle 6 – Establish regulations that are clear and practical, so that interactions between law enforcement (at the local, state and federal levels), consumers, and licensees are predictable and understandable.

5. **What provision(s) of Question 2 does this recommendation apply to?**

   Question 2 allows cultivation and this recommendation addresses how the cultivation facilities will acquire product.

6. **What issue(s) does the recommendation resolve?**

   This recommendation would resolve the method for cultivation facilities to receive product.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   No dissent

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

This change will require the Department of Tax to adopt regulation regarding product acquisition. The following suggested product acquisition requirements should be included to be similar to medical marijuana cultivation:

NAC 453A.414 Inventory control system; where establishment may acquire marijuana and related products; perpetual inventory system of manufacturing process; duties of establishment if loss is incurred. (NRS 453A.370)

1. *Each ~~medical~~ marijuana establishment shall designate in writing a ~~medical~~ marijuana establishment agent who has oversight of the inventory control system of the medical marijuana establishment.*
2. *A ~~medical~~ marijuana establishment shall only acquire marijuana, edible marijuana products or marijuana-infused products from:*
   (a) Another ~~medical~~ marijuana establishment, including, without limitation, a cultivation facility and a facility for the production of edible marijuana products or marijuana-infused products, ~~except that a medical marijuana dispensary may not purchase marijuana from another medical marijuana dispensary; or~~ or a retail marijuana establishment
   (b) ~~A person who holds a valid registry identification card or his or her designated primary caregiver in the manner set forth in subsection 5 of NRS 453A.352.~~ A marijuana establishment may acquire product from a medical marijuana establishment that is licensed under NRS 453A.
   (c) A marijuana cultivation establishment may acquire seeds for the cultivation of marijuana that are legally purchased pursuant to NRS 453D.
   (d) A home grower registered with the State of Nevada Department of Agriculture.

3. *Each ~~medical~~ marijuana establishment shall establish and implement an inventory control system that documents:*

   (a) Each day's beginning inventory, acquisitions, harvests, sales, disbursements, disposal of unusable marijuana and ending inventory.

   ~~(b) When acquiring medical marijuana from a person who holds a valid registry identification card or his or her designated primary caregiver:~~

   ~~(1) A description of the medical marijuana acquired, including the amount and strain as specified by the cardholder or caregiver, if known;~~
   ~~(2) The name and number of the valid registry identification card of the person who provided the medical marijuana or, if provided by a designated primary caregiver, his or her name;~~
   ~~(3) The name and medical marijuana establishment agent registration card number of the medical marijuana establishment agent receiving the medical marijuana on behalf of the medical marijuana dispensary; and~~
   ~~(4) The date of acquisition.~~

   ~~(c)~~ (b) When acquiring ~~medical~~ marijuana from another ~~medical~~ marijuana establishment:
   (1) A description of the ~~medical~~ marijuana acquired, including the amount, strain and batch number;
   (2) The name and identification number of the ~~medical~~ marijuana establishment

registration certificate of the ~~medical~~ marijuana establishment providing the ~~medical~~ marijuana;
(3) The name and ~~medical~~ marijuana establishment agent registration card number of the ~~medical~~ marijuana establishment agent providing the ~~medical~~ marijuana;
(4) The name and ~~medical~~ marijuana establishment agent registration card number of the ~~medical~~ marijuana establishment agent receiving the ~~medical~~ marijuana on behalf of the ~~medical~~ marijuana establishment; and
(5) The date of acquisition.

(c) When acquiring marijuana from a medical marijuana establishment licensed pursuant to NRS 453A:

(1) A description of the marijuana acquired, including the amount, strain and batch number;
(2) The name and identification number of the medical marijuana establishment registration certificate of the medical marijuana establishment providing the medical marijuana;
(3) The name and medical marijuana establishment agent registration card number of the medical marijuana establishment agent providing the medical marijuana;
(4) The name and marijuana establishment agent registration card number of the marijuana establishment agent receiving the medical marijuana on behalf of the medical marijuana establishment; and
(5) The date of acquisition.

(d) When acquiring seeds or marijuana from a registered home grower:

(1) A description of the marijuana acquired, including the amount, strain and batch number;
(2) The name and marijuana establishment agent registration card number of the marijuana establishment agent receiving the medical marijuana on behalf of the medical marijuana establishment;
(3) The date of acquisition; and
(4) The name of the company or individual that provided the seeds or marijuana.

9. Additional information (cost of implementation, priority according to the recommendations, etc.).

None

Cultivation Supply Management

1. **Working group name:**

   Cultivation Working Group

2. **Individual sponsor(s):**

   Amanda Connor-Connor & Connor
   Tessa Rognier-Nevada Department of Agriculture

3. **Describe the recommendation:**

   The recommendation is to guide the Nevada Department of Taxation on the issuance of licensing for marijuana cultivation establishments after the Department begins to receive applications. For the Medical Marijuana Establishment (MME) program there were 182 cultivation establishments initially approved. Of the 182, there are currently 87 facilities approved and currently operating, with 91 MME licenses in provisional status. Many of these operating facilities are not utilizing their entire facility footprint due to the high supply of marijuana currently available. We recommend approving retail marijuana cultivation establishment requests to existing Medical Marijuana Establishments at a ratio of 1 to 1, giving approved and provisional MME's the opportunity to expand into the new market.
   We recommend that the Department annually evaluate marijuana market supply to assure market stability. In the attached supply analysis for the Nevada Medical Marijuana Establishment Program, we calculated an estimated 0.1-0.25 pounds of marijuana can be grown indoors per square foot of grow room space. Using this type of calculation would help the Department determine facility growth needs to match growth in the medical and retail markets. With these additional provisional licenses coupled with the potential for expansion by current MME facilities, we believe the supply needed to fulfill the increase in demand the retail program will create can and will be met. Our attached analysis shows we do not see a need to approve any further cultivation licensees.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principal 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry

5. **What provision(s) of Question 2 does this recommendation apply to?**

   Section 10- Certification of marijuana establishments

6. **What issue(s) does the recommendation resolve?**

   The issue of a balance between the supply of safe marijuana and marijuana products and consumer demand. Creating an oversupply can cause wholesale prices to drop, thus creating an unsustainable

industry for marijuana establishments. Resulting lower wholesale prices would reduce overall tax revenue projected for the State, and create opportunities for diversion of marijuana onto the black market.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   None

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   Department of Taxation policy for granting marijuana establishments should be addressed.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   Not known.

Supply Analysis for the Nevada Medical Marijuana Program

Cultivation Supply Data and Assumptions

The average Square footage of Nevada Medical Marijuana Establishments was found to be 26,000 square feet, with data from 65 facilities, as shown in figure 1. Of the 65 facilities in this sample, the majority are 29,999 square feet or less, with 30 facilities ranging from 10,000-29,000 and 19 facilities under 10,000 square feet. Eight facilities have a square footage ranging from 30,000-49,999 three, five facilities between 50,000-99,999 square feet, two with square footage between 100,000 square feet, and one over 150,000 square feet. These figures are the total square footage for the building footprint, not the actual grow room space.

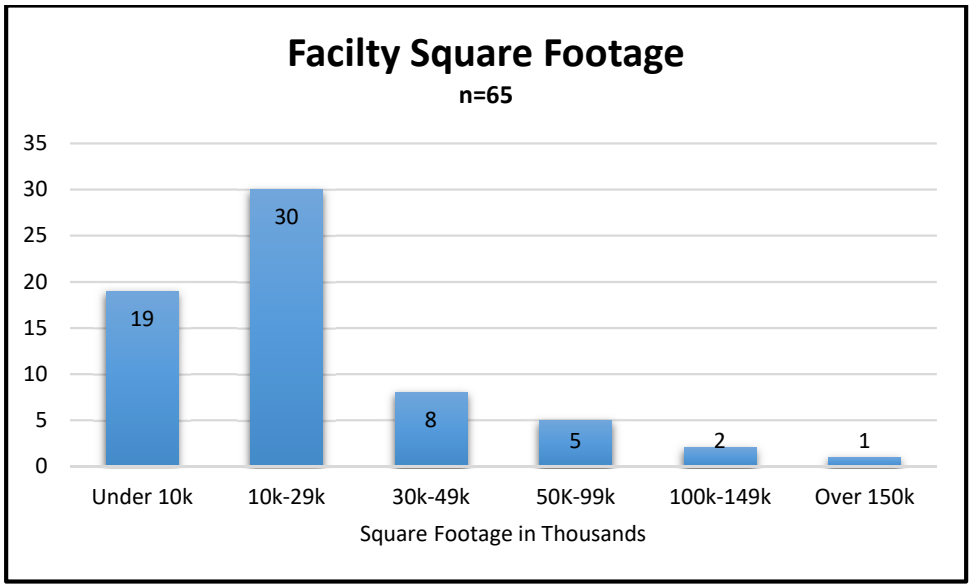


Figure 1: Total cultivation square footage breakdown of 65 of 87 currently open establishments

Figure 2, breaks out the total and predicted Nevada combined cultivation facility footprint, based on the average facility size of 26,000 square feet as The Division currently lacks the data of the actual grow space of each facility. Assuming that all the provisional licenses will fall within the same average facility square footage, the current 87 licenses and 91 provisional licenses will hold approximately 4,628,000 square feet when completely built out.

While these numbers depicts the total cultivations square footage, they lack a correlation to how much of the cultivation facility will be dedicated to actual cultivation of marijuana. Marijuana yield from a cultivation facility is commonly estimated based on the total square footage of the cultivation dedicated specifically to flowering (the part of the cycle that yields the marijuana flowers or buds). If we estimate that each of these facilities dedicate approximately 65% of their facility to production of marijuana flower production, the average flowering space per facility is 16,945 square feet. For a low estimate, we could assume that each facility dedicates 45% of their facility space for an estimated 11,731 square feet dedicated to flower production on average.

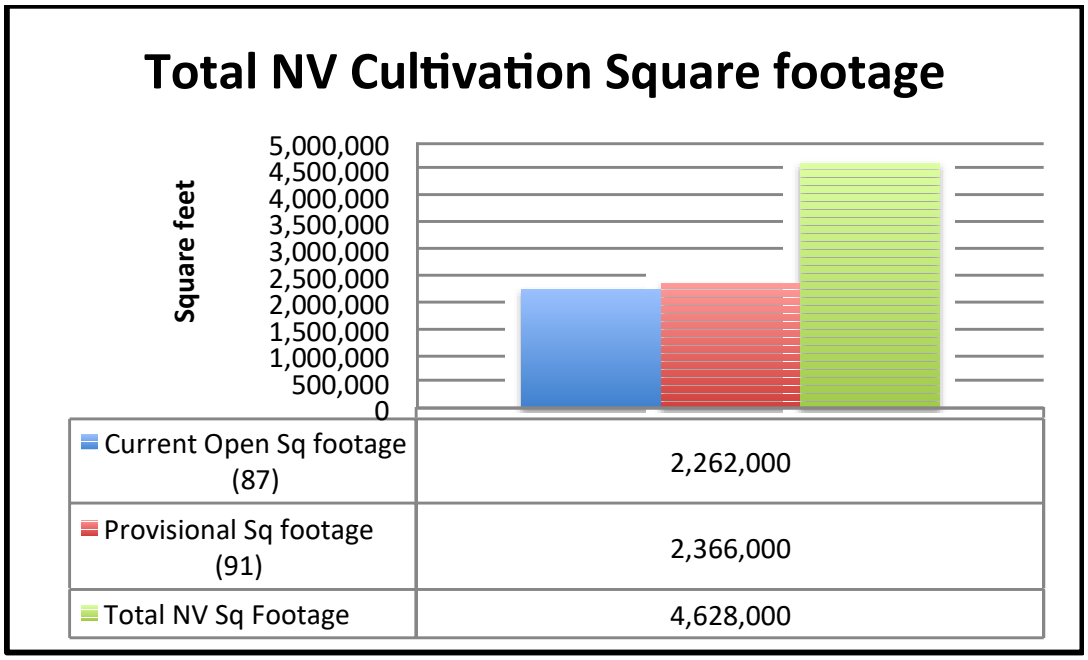


Figure 2: Breakdown of current and predicted total cultivation facility square footage based on average facility square footage of 26,000 ft^2/facility

Table 1: NV Cultivation Capacity Assumption			
Cultivation Flowering (% of 26,000 square footage average)		Annual marijuana flower pound yield per sq foot	
Average Flower Space Low End 6,500 sq ft High End 16,900 sq ft		Average Yield 0.35 with 5 harvests per year	
Low End	High End	Low Yield	High Yield
25%	65%	0.05	0.1

Table 1 also estimates annual yield based on square footage of flowering space, assuming a low yield and high yield potential.

The low yield was calculated at 0.05 lb. /square foot and the high yield at 0.1 lb. /square foot. There would be some variations needed to be accounted for as the cultivation methods range from growing in dirt and growing hydroponically. The growth obtained in dirt would be slower than hydroponically, leading to variation in plant size per harvest. Most commercial facilities are on a production cycle to have replacement plants ready so they may replant the flower rooms immediately following harvest, mitigating down time. Because of this efficiency in plant cycling and timing, most facilities would be able to harvest each flower room five to six times per year. For this analysis, we assumed a five harvest per room per year.

These assumptions were verified by members of the Nevada Medical Marijuana Establishment industry and were built from a well-known harvest yield study performed by Botec Analysis Corporation[1].

Using these assumptions from Table 1, we can estimate the current yearly harvest yield of the Nevada Medical Marijuana Establishment sample of 66 facilities of which we obtained actual total square footage data. Also using the assumptions and data in Table 1, we can extrapolate this to the 91 provisional Medical Marijuana licensees that are still eligible to obtain an operating certificate.

Table 2: Provisional MME Licensees Average Annual Yield Based on Assumptions in Table 1			
Average facility 26,000		Average Yield 0.35	
Percentage of Facilty Dedicated to Flower Production in			
25%	45%	55%	65%
6,500	11,700	14,300	16,900
Average Facilty Yield in lbs per Year			
2275	4095	5005	5915
Additional Annual Harvest 91 Provisionals (in lbs)			
207,025	372,645	455,455	538,265

The yield results in Table 2 were applied to the total operating licenses to project total marijuana yield as shown in Figure 3.

Current facility output annual capacity is estimated to yield 148,294 to 385,499 pounds per year dependent on the total facility square footage being dedicated to flower production.

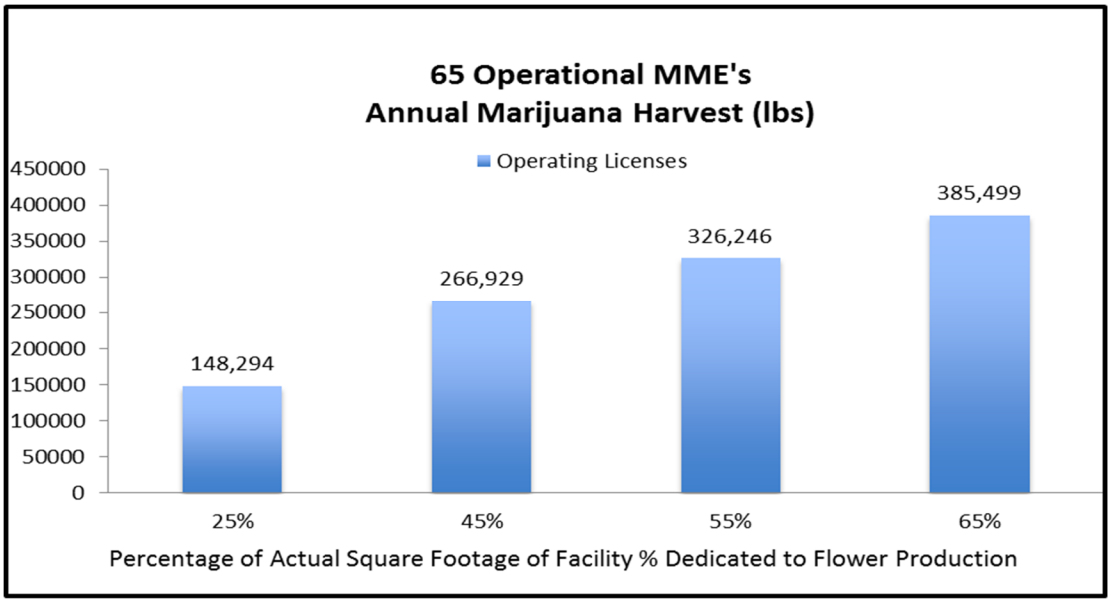


Figure 3: The projected annual marijuana harvest in Nevada based on assumptions made in table 1 using average facility footprint (total building space) and estimation of percentage of total facility space to dedicated to flowering capacity

Nevada Consumer Market Analysis

It is extremely complicated to assess the market demand for recreational marijuana in Nevada. There are multiple factors to assess, and this short analysis does not intend undertake this arduous task. Colorado has been selling recreational and retail marijuana since 2014. This program is has been strictly monitored by the Colorado Marijuana Enforcement Division (MED). The data taken to form this assessment, and which the following assumptions have been based on, has been sourced primarily from the MED 2015 annual report.

Colorado's Market and demand is broken down below:

- *In 2015, Colorado sold 251,472 lbs. of marijuana to patients, residents and tourists[2].*
- *In 2015, Colorado had approximately 113,000 medical patients[3] and approximately 77,100,000 tourism visitors[4], and was measured of having 5,457,000 residents[5]*
- *Medical Marijuana sales in Colorado in 2015 accounted for 144,540 lbs. or 57.48% of the total marijuana market[2]*
- *Retail and recreational marijuana market accounted for 106,932 lbs. or 42.52% of the total marijuana market[2]*
- *Based on the Colorado population (non-medical patients) and tourisms numbers, every person who traveled to or lived in Colorado in 2015 consumed 0.59 grams of marijuana. This number includes people under the age of 21 and people who abstained from marijuana*
- *Colorado medical patients consumed approximately 1.28 lbs. per patient in 2015*

Nevada Market Numbers are presented below to correlate to the above stated Colorado and market demand:

- *In 2015 Nevada had approximately 4,700,000 visitors to the Reno/Tahoe area[6], 42,312,216 visitors to Las Vegas[7], and 2,891,000 permanent residents[8].*
- *The most current patient population report in Nevada, February 2017, listed 26,519 patients*
- *Based on the above, the total visitors, and non-medical residents is 49,903,216 people*

Assuming Nevada follows a similar market demand based on medical marijuana patients, tourism visitors and residents, the following is a projection of the Market. There are two market demands to consider, that of marijuana in bud form, and also in the oil form. The current industry standard is approximately 50% to 60% of the marijuana grown in the state goes into the production of marijuana oils, as there is a very low output yield of approximately 10% from this extraction process, based on weight of raw material inputs. The other half of the marijuana grown is sold as traditional flower products, or referred to as bud. The marijuana oil is used in the production of oil vaporizing pens and used to make into consumable edibles. These products are more discreet in use and will potentially be a very large part of the Nevada market, especially southern Nevada.

There are some caveats to consider when using the Colorado MED report to extrapolate to Nevada. The Colorado tourism visitor number of 77 million did seem to be a very high estimate. Looking into this reported tourism visitor number was estimated during a survey. During the survey was also estimated that there was an estimated 34% of respondents who were possibly just passing through, not staying overnight in Colorado. For this reason, the number of consumed grams per person could be artificially low. We have corrected for this by producing five different demand scenarios, each with an increasing number of grams consumed per visitor. Also, it can be assumed that Nevada would get a larger share of adult based tourism

visits per year. And third, Nevada has a medical marijuana reciprocity program, which may make the patient base much larger than that of the state itself.

It was also impossible to get any meaningful data from the MED report to base our demand for oil and edible products for Nevada. We assumed we would need double the number of pounds sold as bud to be made into oils for vaping and edibles. We based our demand for extracted marijuana oil concentrate off the current demand in the Nevada Medical Marijuana market. Over 50% of the total marijuana harvest yields are being extracted into oil products and sold in this form to meet market demand.

The projected demand is based on the following scenarios:

Scenario 1: Medical will follow the same as Colorado, 1.28 lbs. per patient annually, and each visitor and non-medical resident will purchase and consume 0.59 grams. ***This results in a market demand of 98,646 lbs. per year in bud and an additional 98,646 lbs. per year for the production of oils for a total of 197,293 lbs. per year.***

Scenario 2: Medical will follow the same as Colorado, 1.28 lbs. per patient annually, and each visitor and non-medical resident will purchase and consume 1.18 grams, two times consumed in Colorado in 2015. ***This results in a market demand of 163,372 lbs. per year in bud and an additional 163,372 lbs. per year for the production of oils for a total of 326,744 lbs. per year.***

Scenario 3: Medical will follow the maximum allotment of 2.5 oz. /two week period or approximately 4.06 lbs. per patient annually, and each visitor and non-medical resident will purchase and consume 0.59 grams. ***This results in a market demand of 172,459 lbs. per year in bud and an additional 172,459 lbs. per year for the production of oils for a total of 344,918 lbs. per year.***

Scenario 4: Medical will follow the maximum allotment of 2.5 oz. /two week period or approximately 4.06 lbs. per patient annually, and each visitor and non-medical resident will purchase and consume 1.18 grams, two times consumed in Colorado in 2015. ***This results in a market demand of 237,185 lbs. per year in bud and an additional 237,185 lbs. per year for the production of oils for a total of 474,370 lbs. per year.***

Scenario 5: Medical will follow the maximum allotment of 2.5 oz. /two week period or approximately 4.06 lbs. per patient annually, and each visitor and non-medical resident will purchase and consume 2.95 grams, five times consumed in Colorado in 2015 ***This results in a market demand of 431,994 lbs. per year and an additional 431,994 lbs. per year for the production of oils for a total of 863,989 lbs. per year.***

It is estimated that the total marked demand in NV will fall similar to Colorado projections and possible meet the projections in Scenario 2 and Scenario 3 with market growth over the year, potentially scenario 4 within a three years.

Based on these numbers, even with the highest projections, Scenario 5, the total open and provisional licenses will be able to meet the demand by only dedicating 55% of total facility space to flower production.

Figure 4 details the 5 scenarios based on the Nevada annual projected harvest.

The supply of marijuana into the Nevada market will depend on many variables. The first, how many of the 91 provisional licensees become operational and how large these new facilities will be. There will be a wide variation in total facility square footage across the current operating facilities and forthcoming provisional licensees, and the above graph assumes harvest yield based on an average facility of 26,000 square feet. The projected harvest yield also depends greatly on the variation in the total percentage of square footage each facility dedicates to flower production. Again, these are just estimates based on the average of the current operating facilities and an average harvest yield.

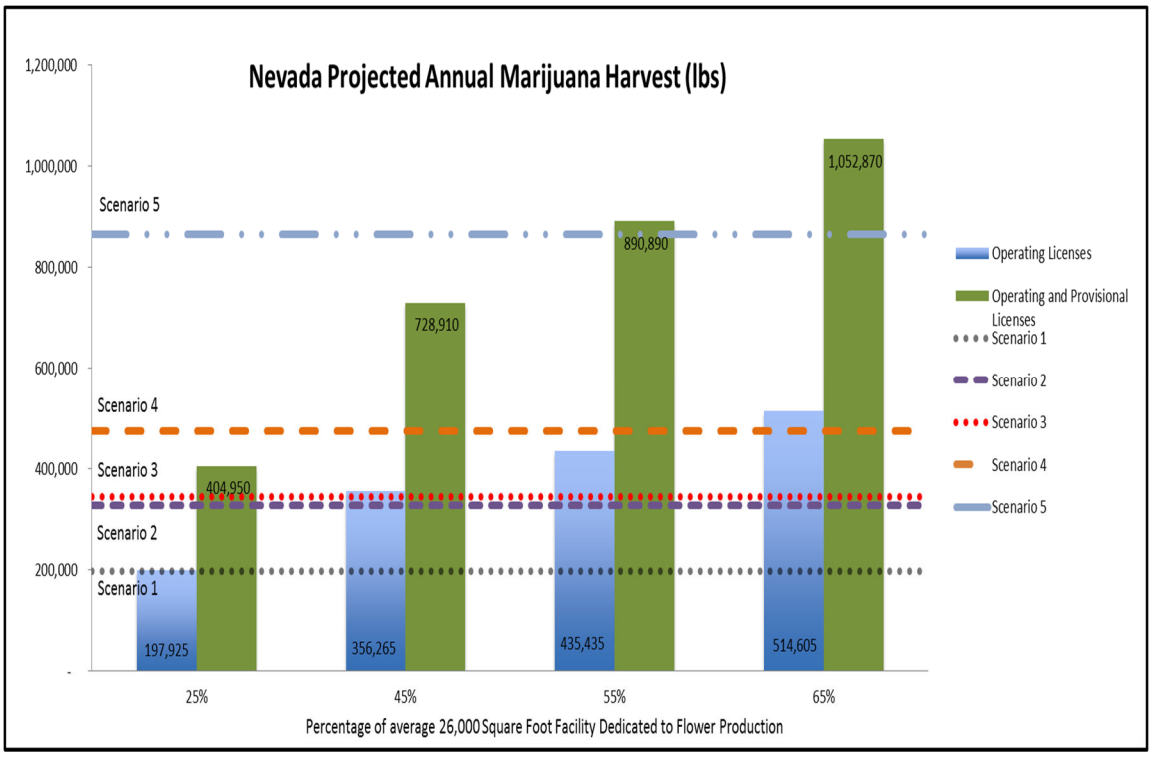


Figure 4: The projected annual marijuana harvest and demand scenarios

The supply of marijuana needed to meet the increase in demand of the recreational market may be become deficient in the first year of the retail market. This supply shortage has been seen in almost every state that has opened their markets to recreational individuals. However, because Nevada's market has been able to observe and learn from the early adopter states, this supply deficiency may be somewhat mitigated. There are a number of provisional medical marijuana licensees that began facility build out soon after the November 2016 vote confirmed Questions 2, with plans to come online to meet this new demand. Also, many operational licensees have greenlighted their final or phase 2 build outs that didn't make financial sense in the existing medical marijuana market, before the passage of Question 2. With the amount of provisional licenses potentially doubling the amount of cultivation facilities in Nevada, we believe the supply in the long run will meet market demand.

We do recommend the Department complete a comprehensive supply analysis on the current operating facilities harvest yield potential in conjunction with issuing new recreational licensees outside the existing and provisional Medical Marijuana Establishment program to ensure that the initial supply for the new market is not short sighted, and that an oversupply is not created. An oversupply could push wholesale

prices down, lowering projected tax revenues for the State, and potentially cause diversion of product to the black market.

Citations

1. Botec Analysis Corporation. Estimating Adequate Licensed Square Footage for Production. By Jonathan Caulkins, Matthew Cohen, Luigi Zamarra

2. United States. Colorado Department of Revenue. Marijuana Enforcement Division. MED 2015 Annual Update. By Barbara Brohl, Ron Kammerzell, Lewis Koski, Jim Burack.

3. Medical Marijuana Registry Program Update. Denver, CO: Health Statistics Section, Medical Marijuana Registry Program, 2015. Web. 28 Apr. 2017.

4. Blevins | Jblevins@denverpost.com | The Denver Post, Jason. "Colorado Breaks Tourism Record with 77.7 Million Visitors Spending $19.1 Billion." The Denver Post. N.p., 21 July 2016. Web. 28 Apr. 2017.

5. "Population Estimates, July 1, 2016, (V2016)." Colorado QuickFacts from the US Census Bureau. Web. 28 Apr. 2017.

6. "Reno and Lake Tahoe Facts & Statistics at a Glance." Visit Reno Tahoe. N.p., n.d. Web. 28 Apr. 2017.

7. 2015 LAS VEGAS YEAR-TO-DATE EXECUTIVE SUMMARY. Las Vegas Convention and Visitor Authority. Web. 28 Apr. 2017.

8. "Population Estimates, July 1, 2016, (V2016)." Nevada QuickFacts from the US Census Bureau. Web. 28 Apr. 2017.

Microbial Testing Limits

1. **Working group name:**

   Cultivation Working Group

2. **Individual sponsor(s):**

   John Ritter, Advisory Board TGIG, The Grove
   Jason Strull, 374 Labs

3. **Describe the recommendation:**

   To consider changing the current microbial testing limits from the American Herbal Pharmacopeia (AHP) to the American Herbal Product Association (AHPA), by adopting the American Herbal Production Association Standards.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle (1) - Promote the health, safety, and well-being of Nevada's communities

   Guiding Principle (2) - Be responsive to the needs and issues of consumers, non-consumers, local governments, and the industry.

   Guiding Principle (4) - Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome.

5. **What provision(s) of Question 2 does this recommendation apply to?**

   Section 2 (g) - "Marijuana in the State will be tested and labeled".

   Section 5 (f) - The Department shall adopt … "Requirements for the testing and labeling of marijuana …"

6. **What issue(s) does the recommendation resolve?**

   This recommendation resolves the issue of allowing cultivators to grow using organic methods and allows them to have more options in using organic biopesticides, rather than using synthetic pesticides.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   No dissent.

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   NAC 453A will need revision to align with this recommendation so cultivators will not have two different standards.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   None.

Internal Product Evaluation Standards and Procedures

1. **Working group name:**

   Cultivation Working Group

2. **Individual sponsor(s):**

   Tessa Rognier – Nevada Department of Agriculture
   David Standard- Deep Roots Harvest
   Jason Strull – 374 Labs

3. **Describe the recommendation:**

   The recommendation is to allow cultivators and production/manufacturing establishments to set aside a specific amount of each lot or production run inventory, as designated as "internal product evaluation material." This material would be disseminated at no cost to agents of the cultivation for internal testing. The intent of this program is to allow cultivators to "test" or "sample" their product prior to sale or complete testing.

   Product can only be disseminated, prior to complete testing, to agents of the cultivation, but it must meet the following criteria:

   1. Be packaged in a child safe container and meet the same requirements for packaging set forth in applicable NRS, NAC, or Department policy.

   2. Mass of marijuana cannot exceed 3.5 grams in each package, or the edible equivalency

   3. Be clearly labeled with the following information:
   - *a. Cultivation name and license number*
   - *b. Strain name*
   - *c. Harvest date and package date*
   - *d. Lot number*
   - *e. Batch number*
   - *f. Weight of marijuana packaged*

   4. If the lot has not undergone the complete panel of tests as detailed in applicable NRS, NAC or Department policy, it must be clearly labeled with the following: "This marijuana is not tested and may contain harmful pesticides and other contaminants"

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 2 - Be responsive to the needs and issues of both consumers and the industry

   Guiding Principle 4 – Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome

5. **What provision(s) of Question 2 does this recommendation apply to?**

   The provisions of Question 2 that allow for possession and obtaining of marijuana

6. **What issue(s) does the recommendation resolve?**

   This recommendation establishes clear and practical procedures and standards that marijuana cultivators must follow to allow the designation of a small subsection of each lot for internal evaluation.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   No dissent

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   Recommendation is to adapt language to applicable NAC, or Department of taxation policy, to allow for internal evaluation of cultivated product by agents of the cultivation

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   None

Production/Manufacturing Operational Requirements

Production Outside of Licensed Facilities

1. **Working group name:**

   Operations - Production/ Manufacturing

2. **Individual sponsor(s):**

   Alex Woodley, Director of Code Enforcement, City of Reno
   Jacob Ward, Pure Tonic Concentrates
   Bill Erlach, Reno Fire Department
   Brian Hyun, The Grove

3. **Describe the recommendation:**

   Since persons over the age of 21 will be able to legally purchase marijuana, there is a strong likelihood that some of those persons will choose to manipulate certain products such as flower and trim into other products such as marijuana concentrates and edible marijuana. Some of the better-known processes for creating these manipulated products require the use of materials which can be dangerous when utilized in an uncontrolled environment.
   This recommendation provides guidance related to the production of concentrated, infused, and/or edible marijuana products outside of licensed facilities to mitigate possible dangerous activities related to manufacturing marijuana products in an uncontrolled environment.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 1 – Promote the health, safety, and well-being of Nevada's communities
   Guiding Principle 2 – Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry
   Guiding Principle 4 – Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome
   Guiding Principle 6 – Establish regulations that are clear and practical, so that interactions between law enforcement (at the local, state and federal levels), consumers, and licensees are predictable and understandable

5. **What provision(s) of Question 2 does this recommendation apply to?**

   1) *NRS 453D.020 (3) (c) Cultivating, manufacturing, testing, transporting and selling marijuana will be strictly controlled through state licensing and regulation*

2) *NRS 453D.400 (5) A person who manufactures marijuana by chemical extraction or chemical synthesis, unless done pursuant to a marijuana product manufacturing license issued by the Department or authorized by chapter 453A of NRS, is guilty of a category E felony.*

6. What issue(s) does the recommendation resolve?

- *Minimizes safety and security risks associated with the production of marijuana products*
- *Minimizes possible fire hazards created using alcohol or similar flammable materials*
- *Addresses the use of solvents not specifically delineated in NRS 453D.400 (5)*
- *Mitigates the potential dangerous situations for marijuana patrons and neighbors with no interests in marijuana*
- *Mitigates possible dangerous respiratory incidents from fumes created during production*

7. Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.

No dissent

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

1) *Legislative changes in the Nevada Administrative Code and possibly Nevada Revised Statute may be required to regulate production outside of licensed facilities. Some proposed language is:*

> *"Production of concentrated, infused, and/or edible marijuana products outside of licensed facilities is allowed for personal use, but the use of any non-edible solvents or chemicals which may be deemed dangerous or a volatile or flammable substance is strictly prohibited. These solvents and chemicals include but are not limited to butane, propane, hexane and alcohol. Violation of this section shall be subject to NRS 453D.400 (5)"*

9. Additional information (cost of implementation, priority according to the recommendations, etc.).

None

Disposal of Marijuana Products and Waste

1. **Working group name:**

Transportation, Storage and Disposal Working Group

2. **Individual sponsor(s):**

J. DiMuro, Nevada Chief Medical Officer
S. Hughes, Chief Deputy Executive Director, Dept. of Taxation

3. **Describe the recommendation:**

The recommendation regarding disposal of marijuana products and waste has two components:

A. Safe disposal of marijuana and marijuana products

B. Refund of excise tax paid on marijuana and marijuana products that have been disposed of or destroyed

Safe Disposal of Marijuana Products

Safe disposal of marijuana products is of paramount importance for consumers, non-consumers, local governments and the industry. There appears to be at least eight separate groups that will need to safely dispose of marijuana and marijuana products which includes the following:

(1) Cultivation Facilities
(2) Production Facilities
(3) Distributors
(4) Laboratory Testing Facilities
(5) Retail Stores
(6) Law Enforcement
(7) Transportation Centers (airport, rental car facilities and public transportation)
(8) Consumers

It is generally accepted that the majority of the waste generated will be at the cultivation facility level. There are currently no regulations specific to the safe disposal of marijuana waste, especially waste seen at the aforementioned (6), (7) and (8). It is generally accepted that marijuana waste be rendered unusable by combining the waste with at least an equal amount of other materials prior to delivery to a landfill.

It will also be important to determine which level of landfill facility or other viable waste facility will be required for the varying levels of waste created in the marijuana industry.

Landfills have three Class Definitions:

1. *A Class I site means a disposal site which Is comprised of at least one municipal solid waste landfill unit including all contiguous land and structures, other appurtenances and improvements on the land used for the disposal of solid waste and is not a Class II or Class III site.*
2. *A class II site means a disposal site which is comprised of at least one municipal solid waste landfill unit, accepts less than 20 tons of solid waste per day on an annual average, for which there is no evidence of contamination of groundwater originating from the site, which serves a community that has no other practicable alternatives for waste management; and which is located in an area which annually receives no more than 25 inches of precipitation. The term includes all contiguous land and structures, other appurtenances and improvements on the land used for the disposal of solid waste.*
3. *A class III site means a disposal site which accepts only industrial solid waste.*

Other alternative viable waste disposal entities may include a composting facility/organic waste treatment facility or solid waste incinerator.

Recommendation(s):

The Department of Taxation, in consultation with local jurisdictions, should adopt regulations that establish regulations specific to the disposal of marijuana waste in accordance with the applicable provisions of Section 5 of the "Initiative to Regulate and Tax Marijuana" to include:

(a) Procedures for marijuana to be made unusable. Potential language to include the following:

i. The allowable method to render marijuana plant waste unusable is by grinding and incorporating the marijuana plant waste with other ground materials so the resulting mixture is at least fifty percent non-marijuana waste by volume. Other methods to render marijuana waste unusable must be approved by the Department before implementation.

ii. Material used to grind with the marijuana falls into two categories: Compostable waste and non-compostable waste.

(a) Compostable mixed waste: Marijuana waste to be disposed as compost feedstock or in another organic waste method (for example, anaerobic digester) may be mixed with the following types of waste materials:

- *Food waste*
- *Yard waste*
- *Vegetable based grease or oils, or*
- *Other waste as approved by the Department*

(b) Non-compostable mixed waste: Marijuana waste to be disposed in a landfill or another disposal method (for example, incinerator) may be mixed with the following types of waste materials:

- *Paper waste*
- *Cardboard waste*
- *Plastic waste*
- *Soil, or*
- *Other waste as approved by the Department*

(b) Procedures for the disposal of the marijuana waste.

Disposal of the marijuana waste rendered unusable should be delivered to a permitted solid waste facility for final disposition. The Department will determine which level of disposal site or other viable waste facility will be acceptable for disposal. Disposal of marijuana waste may also be managed on-site by an incinerator if approved by the Department.

Solid and liquid wastes and wastewater generated during marijuana production and processing must be stored, managed, and disposed of in accordance with applicable State and local laws and regulations. Potential language to include the following:

i. Waste from the production and processing of marijuana plants must be evaluated against the State's dangerous waste regulations to determine if that waste designate as dangerous waste. It is the responsibility of each waste generator to properly evaluate their waste to determine if it is designated as a dangerous waste.

ii. Waste that must be evaluated against the dangerous waste regulations include, but are not limited to, the following:

- *Waste from marijuana flowers, trim and solid plant material used to create an extract*
- *Waste solvents used in the marijuana process*
- *Discarded plant waste, spent solvents and laboratory waste from any marijuana processing or quality assurance testing*
- *Marijuana extract that fails to meet quality testing*

iii. A marijuana plant, usable marijuana, trim and other plant material in itself is not considered dangerous waste unless it has been treated or contaminated with a solvent.

iv. Marijuana waste that does not designate as dangerous waste must be rendered unusable prior to leaving a licensed production, cultivation, distribution, retail store or laboratory.

v. Waste that must be rendered unusable prior to disposal include, but are not limited to, the following:

- *Waste evaluated not designated as "Dangerous Waste"*
- *Marijuana plant waste, including roots, stalks, leaves, and stems that have not been processed with solvent.*
- *Solid marijuana sample plant waste possessed by third-party laboratories accredited by the Department to test for quality assurance that must be disposed of*
- *Other waste as determined by the Department*

vi. Establishments must provide the Department a minimum of seventy-two hour notice in the traceability system prior to rendering the product unusable and disposing of it.

(c) The Department should maintain a public list of disposal entities allowing for the disposal of unusable marijuana products, and

(d) The Department should outline the penalties for failure to abide by appropriate disposal methods

Refund of excise tax paid on marijuana and marijuana products that have been disposed of or destroyed

NRS Chapter 453A and NRS Chapter 372A, do not address refund allowances for the disposal of medical marijuana. Question 2, codified in NRS Chapter 453D, also does not address excise tax refunds for the spoilage or staleness of marijuana.

Both the Department of Public and Behavioral Health and the Medical Marijuana Industry indicate that most disposal or destruction occurs at the cultivation level prior to any excise tax being paid. If any disposal or destruction occurs at the production facility level, it is mostly due to contamination of product or spoilage. In these instances, the marijuana product has been used by the facility to incorporate it into the final product, such as edibles or oils. Because the contamination or spoilage most likely occurs due to the actions of the production facility, there should be no allowance for a refund of the excise tax. Minimal disposal or destruction occurs at the dispensary level, if at all, so a refund of the excise tax should not be allowed.

In contrast, both liquor and tobacco have provisions in statute, NRS 369.370(4) and NRS 370.280 (2), that allow for the refund of excise tax on spoiled or stale product. The difference between liquor and tobacco that has become stale or spoiled and marijuana that has been stale or spoiled is that those who purchase liquor and tobacco for resale are not altering the product whereas a production facility uses the marijuana purchased to incorporate it into another product. It is the new product that becomes spoiled or stale. Consequently, the refund is given to liquor and tobacco licensees because those entities have no fault in the spoilage or staleness of the product.

Recommendation:

The Department of Taxation should adopt regulations that establish regulations specific to the refund of excise tax paid in accordance with the applicable provisions of Section 5 of the "Initiative to Regulate and Tax Marijuana" to include the following language:

No refunds claims for excise tax will be allowed on the disposal or destruction of marijuana or marijuana products

4. **Which guiding principle(s) does this recommendation support?**

Guiding Principle 1 - Promote the health, safety and well-being of Nevada's communities

5. **What provision(s) of Question 2 does this recommendation apply to?**

Section 5. Powers and duties of the Department.

6. **What issue(s) does the recommendation resolve?**

Maintains standards for proper disposal of marijuana products. Potential deleterious impact to public health without proper standards of disposal.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

No dissent.

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

Creation of specific regulations by the Department of Taxation for safe disposal of marijuana products and by-products.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

To be determined.

Laboratory Operations

Accreditation, Validation and Auditing

1. **Working group name:**

   Laboratory Working Group

2. **Individual sponsor(s):**

   Darryl Johnson- Ace Analytical
   Alec Garcia- 374 Labs
   Sharryn Cohen - Operating Chemist, Dept. of Agriculture
   David Grenz- Nevada Department of Agriculture

3. **Describe the recommendation:**

Proposal for Independent Testing Laboratory (ITL) Regulation

Part 1: ISO 17025 Accreditation

1. ***Recommend that Independent Testing Laboratories ITLs be accredited to the ISO/IEC 17025 standard and shall include the scope of all tests required by the State of Nevada***

1.1. Per legislation in SB329 mandate accreditation by 1/1/2019 for existing Laboratories and one year after opening for new laboratories.

1.2. Include requirement to follow AOAC International Guidelines for Laboratories Performing Microbiological and Chemical Analyses of Food, Dietary Supplements, and Pharmaceuticals - An Aid to the Interpretation of ISO/IEC 17025:2005 or the most current revision.

1.3. For the purpose of licensing and registration, the following terms and definitions are used:

(1) "Accreditation body" is an impartial organization that operates in conformance with the International Organization for Standardization (ISO) / International Electrical Commission standard (ISO/IEC) 17011 and is a signatory to the International Laboratory Accreditation Cooperation (ILAC) Mutual Recognition Arrangement (MRA) for Testing.

(2) "Certificate of accreditation" means a certificate issued by an accrediting body for the ITL facility, entity or site to be registered in Nevada.

(4) "Scope of accreditation" means a document issued by the accreditation body which describes the tests or types of tests performed and materials or products tested and the methods used for testing cannabis or products containing cannabis for which the accreditation has been granted.

(5) "Independent Testing Laboratory" or "ITL" means any facility, entity, or site in that offers or performs tests of cannabis or products containing cannabis, and is free from conflict of interest with of any entity that grows, processes or dispenses cannabis.

Proposed Laboratory Regulation:

1.4. Independent testing laboratories must follow licensing, accreditation, and management protocols established by the State of Nevada. As a prerequisite for licensing and incorporating the definitions above, we recommend the following regulatory language:

1.5. Laboratory operations that perform testing of Cannabis and Cannabis-derived products for public safety must be licensed by the State and accredited to the ISO/IEC 17025 standard; the assessment and accreditation process must be carried out by an accreditation body that is a signatory to the International Laboratory Accreditation Cooperation (ILAC) Mutual Recognition Arrangement operating in conformance with the ISO/IEC 17011 standard.

Part 2: Nevada Department of Agriculture (NDA) Certification

2. In addition to ISO/IEC 17025, we recommend that ITLs be audited and certified by NDA. Below is a breakout of potential certification criteria. NDA will develop a complete certification protocol by October 1st 2017. Existing ITL's to begin receiving NDA certification by January 1st 2018 as funding permits.

2.1. The appropriate technical inspection of laboratories and testing activities to be performed by NDA.

2.2. The NDA Cannabis Laboratory certification program would provide more specific quality standards that labs must operate under and be enforced through more frequent and thorough audits than provided for by ISO CABs.

2.2.1. Quality standards shall be established by NDA with the input and advisement of ITLs

2.2.2. Requirements for quality standards would be establish for both general laboratory requirements as well for each category of methods for each test.

2.2.3. NDA would also set standardized result reporting requirements

2.3. Labs would have a scheduled annual audit by NDA that would include:

2.3.1. Record review

2.3.2. Laboratory compliance audit

2.3.3. On-site verification of labs ability to execute test methods

2.3.4. On-site verification of sampling procedure

2.4. Labs would be subject to unannounced check audits

2.5. Audit procedures and requirements would be set by NDA with input and advisement of ICLs

2.6. Review laboratory method validation

2.6.1. Lab director would certify training on newly hired analyst

2.6.2. Labs could lose certification by failing PT or on-site certification. Typically, two strike system unless clear inability is demonstrated during on-site. Certification can only be regained through the event it was lost (i.e. if you lose certification due to failed PT, you must pass PT to regain certification)

Part 3: Proficiency Testing (PT) and Round Robin

3. Recommend the ITLs be required to participate in Proficiency Testing and NDA Round Robin events.

3.1. Continue the use of current PT provider with NDA provided Round Robin testing event

3.2. Goal is to transition to PT event(s) that meets the following:

3.2.1. All labs have contemporaneous participation in the same event

3.2.2. PT samples are in matched matrix so that laboratory sample preparation and extraction can be assessed

3.3. Possible transition from existing PT structure to NDA providing proficiency testing using cannabis matrix with sample preparation methods polished through round robin events once NDA is ready.

Part 4: Surveillance and Confirmation Testing

4. ***Recommend that NDA collect and test random and equitable surveillance samples***

4.1. Goal is to prevent sample tampering by producers and prevent inadvertently or fraudulently inaccurate test results from ITLs. Additionally, NDA's testing would generate data that to help revise test requirements and limits in addition to a statistically significant sample size.

4.2. NDA would randomly collect surveillance samples of lots of product recently sampled by laboratories.

4.3. NDA would test these samples and compare results to ITL results

4.4. Discrepancies may be investigated to determine a cause and appropriately report to the Department of Taxation.

Part 5: Enforcement Structure

5. ***Recommend that a tiered enforcement system be codified by the Department of Taxation***

5.1. Goal is to give laboratory compliance enforcement a structure so that repeated violations or exceptionally egregious violations result in actionable enforcement against offending laboratories.

5.2. Minor or repeated violations by labs would be sent a warning letter or administered fines. Violations are a matter of public record and may be posted online.

5.3. Continued violation or egregious violations (e.g. intentional fraud) shall result in loss or suspension of license

4. Which guiding principle(s) does this recommendation support?

Guiding Principle 1 - Promote the health, safety, and well-being of Nevada's communities

Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry

Guiding Principle 7 - Take action that is faithful to the text of Question 2

5. What provision(s) of Question 2 does this recommendation apply to?

Sec 2 (c) – Cultivating, manufacturing, testing, transporting, and selling marijuana will be strictly controlled through state licensing and regulations

Sec 2 (g) – Marijuana sold in the state will be tested and labeled

Sec 5 (f) – Requirements for the testing and labeling of marijuana and marijuana products sold by marijuana establishments including a numerical indication of potency based on the ration of THC to the weight of a product intended for oral consumption

6. What issue(s) does the recommendation resolve?

Addresses the requirements for quality lab results which promote the health and safety of the consumer

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   No dissent

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   Regulations from the Medical Marijuana program will need to be amended

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   A consolidated budget has been submitted for the anticipated services that will be provided by the Department of Agriculture.

   This recommendation will require Laboratory's to become ISO 17025 accredited. This process typically involves considerable man hours by the laboratory to implement and $10,000+ for the actual accreditation by an independent third party accreditor. The Dept. of Agriculture will also incur additional costs if they will implement the round-robin proficiency testing in the future.

Proficiency Testing

1. **Working group name:**

   Labs Working Group

2. **Individual sponsor(s):**
   Ed Alexander- Common Sense Botanicals
   Alec Garcia- 374 Labs

3. **Describe the recommendation:**

   Adopt the proficiency requirement from the Medical program and allow the Department of Tax and Department of Agriculture to improve the existing PT program as we move forward.

   NAC 453A.660 Proficiency testing program: Establishment by ~~Division~~ the Department; participation. (NRS 453A.370)

   1. The ~~Division~~ Department of Agriculture will establish a proficiency testing program for independent testing laboratories.

   2. Each independent testing laboratory must participate in the proficiency testing program established pursuant to this section.

   ~~3.~~ If required by the ~~Division~~ Department as part of being issued or renewing a ~~medical~~ marijuana establishment registration certificate, the independent testing laboratory must have successfully ~~participated~~ passed ~~in~~ the proficiency testing program. ~~within the preceding 12 months.~~

   4. To maintain continued registration as an independent testing laboratory, a laboratory must participate in the designated proficiency testing program with continued satisfactory performance as determined by the ~~Division~~Department.

   5. An independent testing laboratory must analyze proficiency test samples using the same procedures with the same number of replicate analyses, standards, testing analysts and equipment as used for product testing.

   6. The scientific director of the independent testing laboratory and all testing analysts that participated in a proficiency test must sign corresponding attestation statements.

   7. The scientific director of the independent testing laboratory must review and evaluate all proficiency test results.

   ~~8. An independent testing laboratory must take and document remedial action when a score of less than 100 percent is achieved during a proficiency test. Documentation of remedial action must include, without limitation, a review of samples tested and results reported since the last successful proficiency test.~~

   ~~9. Successful participation is the positive identification of 80 percent of the target analytes that the independent testing laboratory reports to include quantitative results when applicable. Any false positive results reported will be considered an unsatisfactory score for the proficiency test.~~

10. Unsuccessful participation in a proficiency test may result in limitation, suspension or revocation of the ~~medical~~ marijuana establishment registration certificate of the independent testing laboratory.

4. Which guiding principle(s) does this recommendation support?

Guiding Principle 1 – Promote the health, safety, and well-being of Nevada's communities

Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry

Guiding Principle 6 - Establish regulations that are clear and practical, so that interactions between law enforcement, consumers, and licensees are predictable and understandable

Guiding Principle 7 - Take action that is faithful to the text of Question 2

5. What provision(s) of Question 2 does this recommendation apply to?

Sec 2 (c) – Cultivating, manufacturing, testing, transporting, and selling marijuana will be strictly controlled through state licensing and regulations

Section 2, subsection (g): Marijuana sold in the state will be tested and labeled

Section 3, subsection 15: "Marijuana testing facility" means an entity licensed to test marijuana and marijuana products, including for potency and contaminants

Sec 5 (f) – Requirements for the testing and labeling of marijuana and marijuana products sold by marijuana establishments including a numerical indication of potency based on the ration of THC to the weight of a product intended for oral consumption

6. What issue(s) does the recommendation resolve?

Establishes practical guidelines for standardization of testing laboratories.

7. Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.

No dissent

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

Department of Taxation to adapt DPBH regulations and policy attached.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**
   This recommendation does not add any additional cost to labs as it already is an existing program on the medical side.

Inventory Control

1. **Working group name:**

   Laboratory Working Group

2. **Individual sponsor(s):**

   Benjamin Chew, Scientific Laboratory Director, MM Lab, Inc.
   Ed Alexander, ILAC and Grow Washoe

3. **Describe the recommendation:**

   Inventory Control should follow the same requirements as the Medical Program. This was amended by R148-15A, Section 34, amendment to NAC453A.414. (See attachment). Text should remove all reference to medical.

   In addition, labs should keep failed sample retains or any random sample collected by the Department of Agriculture for confirmation testing until prescribed disposition. Samples in retain should be stored in a manner approved by the accrediting body.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 1 - Promote the health, safety, and well-being of Nevada's communities.

   Guiding Principle 2 - Be responsible to the needs and issues of consumers, non-consumers, local governments, and the industry.

   Guiding Principle 3 - Ensure that youth are protected from the risks associated with marijuana, including preventing the diversion of marijuana to anyone under the age of 21.

   Guiding Principle 4 - Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome.

5. **What provision(s) of Question 2 does this recommendation apply to?**

   Section 5 (d) Requirements to prevent the sale or diversion of marijuana and marijuana products to persons under 21 years of age;

6. **What issue(s) does the recommendation resolve?**

   Clarifies the inventory controls to ensure proper accounting of materials.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   No dissent

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   Refer to the R148-15A (current version of NAC 453A.414). Remove all reference to medical.

   Add to NAC453A.414

   8 (or renumber to number 4 and move the rest down).
   Labs should keep failed sample retains or any random sample collected by the Department of Agriculture for confirmation testing until prescribed disposition. Samples in retain should be stored in a manner approved by the accrediting body. Exceptions can be made for perishable products that have an expected shelf life of less than 30 days, but should be kept as long as possible. Samples that have been in a lab should not be returned to the Cultivator, Producer, or Dispensary for sale as they may have been exposed to harmful contaminants. They should be destroyed by the lab according to the lab disposal policy.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   Existing cultivators, producers, and dispensaries are already using systems such as Biotrack, Leaf, etc. Laboratories have been using their own systems as they are not involved in the seed-to-sale and only take small portions of the samples.

Sample Sizes for Testing and Retention

1. **Working group name:**

   Labs Working Group

2. **Individual sponsor(s):**

   Lynn Hettrick – Division Administrator - Nevada Department of Agriculture
   Alec Garcia- 374 Labs
   Ed Alexander- Common Sense Botanicals
   Shane Johnson- Silver State Trading
   Darryl Johnson- Ace Analytical
   David Grenz- Nevada Department of Agriculture

3. **Describe the recommendation:**

   To maintain the State's high quality standards and testing requirements for both patient and recreational consumers, as well as maintaining a single inventory stream between Medical and Recreational products. The recommendation is to adapt the Medical Marijuana DPBH policies, regulations and statutes that establish batch/lot size, testing tolerances and testing requirements for Independent Testing Laboratories for safety and compliance testing of both medical and recreational marijuana.

   It is also recommended that, within 18-24 months, the existing regulations be reviewed and amended based on accumulated data from ISO accredited laboratories and the Department of Agriculture to phase in the use of statistically significant sample sizes while increasing the lot size to minimize the fiscal impact on cultivators and consumers. It is anticipated that the growth in total sales will provide enough testing to protect the existing independent laboratories.

   A new sampling protocol will be developed by the Department of Agriculture for laboratories to follow while collecting samples to ensure a representative sample is selected from the Lot. The Department of Agriculture will provide protocols for lot control using mechanisms such as, tamper resistant products, numbering of the lot, record the weight or quantity and seal each package of harvested material or production run which is included in a single laboratory test

   As described in the separate recommendation regarding Accreditation, Validation and Auditing, the Department of Agriculture will be involved in the Certification and Auditing of Independent Testing Laboratories moving forward. All Independent Testing Laboratories will be inspected by the Department of Agriculture beginning January 1st 2018 as available funding allows.

   To ensure proper sampling and lot control the working group suggested the following adaptations to NAC.

   NAC 453A.061 "Lot" defined. (NRS 453A.370) *"Lot" means:*

1. The flowers from one or more marijuana plants of the same strain, in a quantity that weighs 5 pounds or less;
2. The leaves or other plant matter from one or more marijuana plants, other than full female flowers, in a quantity that weighs 15 pounds or less; or
3. The wet leaves or other plant matter from one or more marijuana plants used only for extraction, in a quantity that weighs 125 pounds or less.

NAC 453 "Sampling Protocols" defined. "Sampling protocols" means the sampling procedures specified by the Department which are required to be used to obtain samples of marijuana for quality assurance testing.

NAC 453A.654 Required quality assurance tests. (NRS 453A.370)

1. Each independent testing laboratory must use the sampling protocols required in this section and the general body of required quality assurance tests for usable marijuana, as received, concentrated cannabis, marijuana-infused products and edible marijuana products set forth in this section. Such tests may include moisture content, potency analysis, foreign matter inspection, microbial screening, pesticide and other chemical residue and metals screening and residual solvents levels. An independent testing laboratory may request additional sample material for the purposes of completing required quality assurance tests. An independent testing laboratory may retrieve samples from the premises of another ~~medical~~ marijuana establishment and transport the samples directly to the laboratory.

NAC 453A.658 Sample testing; disposal of samples; standards; laboratory test results; grounds for disciplinary action. (NRS 453A.370)

1. Immediately before packaging:

(a) Raw marijuana for sale to a ~~medical~~ marijuana dispensary, facility for the production of edible marijuana products or marijuana-infused products or another cultivation facility, a cultivation facility shall segregate all harvested marijuana into homogenized lots of flower and trim, respectively, and allow an independent testing laboratory to select a representative sample for testing from each lot the cultivation facility has segregated. The independent testing laboratory which performs the test must collect the samples. If the cultivation facility has segregated the lot of harvested material into packages or container sizes smaller than the entire lot as defined in NAC 453A.061, the independent laboratory must sample and test each package containing harvested material from the lot presented for testing.

(b) Concentrated cannabis, edible marijuana products or marijuana-infused products, a facility for the production of edible marijuana products or marijuana-infused products shall allow an independent testing laboratory to select a random sample from each lot or production run for testing by the independent testing laboratory. The independent testing laboratory performing the testing must collect the samples.

2. An independent testing laboratory that receives a sample pursuant to this section shall:

a. Using tamper resistant products, number the lot, record the weight or quantity and seal each package of harvested material or production run which is included in a single laboratory test.

b. Test the sample as provided in NAC 453A.654.

3. From the time that a lot or production run has been homogenized for sample testing and eventual packaging and sale to a ~~medical~~ marijuana dispensary, facility for the production of edible marijuana products or marijuana-infused products or, if applicable, another cultivation facility until the independent testing laboratory provides the results from its tests and analysis, the facility which provided the sample

shall segregate and withhold from use the entire lot or production run, except the samples that have been removed by the independent testing laboratory for testing. During this period of segregation, the facility which provided the sample shall maintain the lot or production run in a secure, cool and dry location so as to prevent the marijuana from becoming contaminated or losing its efficacy and maintain the integrity of the tamper resistant seal applied by the independent testing laboratory. Under no circumstances shall the facility which provided the sample sell the marijuana or edible marijuana products or marijuana-infused products, as applicable, to a ~~medical~~ marijuana dispensary, facility for the production of edible marijuana products or marijuana-infused products or, if applicable, another cultivation facility before the time that the independent testing laboratory has completed its testing and analysis and provided those results, in writing, to the facility which provided the sample.

4. Which guiding principle(s) does this recommendation support?

Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry

Guiding Principle 6 - Establish regulations that are clear and practical, so that interactions between law enforcement, consumers, and licensees are predictable and understandable

Guiding Principle 7 - Take action that is faithful to the text of Question 2

5. What provision(s) of Question 2 does this recommendation apply to?

Section 2, subsection (g): Marijuana sold in the state will be tested and labeled

Section 3, subsection 15: "Marijuana testing facility" means an entity licensed to test marijuana and marijuana products, including for potency and contaminants

6. What issue(s) does the recommendation resolve?

Establishes clear and practical guidelines that regardless of which program the marijuana is cultivated under (medical or recreational), the laboratory testing policy will remain uniform in application and the product can be available for sale to both medical and recreational customers eliminating the need for tracking of dual inventory.

7. Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.

No dissent

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

Department of Taxation to adapt DPBH regulations.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**
   The recommendation adds no additional cost to the laboratories, cultivators or producers as it mirrors the existing structure. This recommendations maintains the ability for a single stream inventory until point of sale.
   Per previous recommendations, the Department of Agriculture will need to be funded in order to carry out the proposed data collection, laboratory inspection/ certification etc. A consolidated budget proposal has been submitted to the Department of Taxation for review.

   We feel the existing lot size definition requires additional clarification.

Homogeneity Testing and Adulterants

1. **Working group name:**

   Labs Working Group

2. **Individual sponsor(s):**

   Darryl Johnson- Ace Analytical
   Shane Johnson- Silver State Trading
   Alec Garcia- 374 Labs
   David Grenz- Nevada Department of Agriculture
   Ed Alexander- Common Sense Botanicals

3. **Describe the recommendation:**

   The goal of this recommendation is to ensure that the process used to create edibles produces a homogeneous product that consumers can rely on. The homogeneity testing of a production run will require testing of multiple units of a single production run to ensure the manufacturer's process is validated. The subsequent testing of single units or serving of a product run will serve as a spot check. This recommendation should be implemented through an Nevada Department of Agriculture (NDA) policy.

1. *Edible product approval and homogeneity testing*
   a. *Product pre-approval by NDA and potency homogeneity verified by an independent third party laboratory*
   b. *Production Kitchen: SOP for edible manufacturing process: each different product*
   c. *Demonstrate process produces homogeneous product: allow specific requirements to be defined at a later time*
   d. *Periodic validation checks as determined by NDA*
   e. *Changes in recipe, production run size and/or equipment must be pre-approved by NDA and may require a revalidation of the process and production run homogeneity testing*
   f. *Considerations:*
      i. *Production run size will differ*
      ii. *Edible matrix will impact homogeneity: some products will require more extensive homogeneity testing than others*

2. *Production Run Testing*
   a. *1 serving size (or unit) will be analyzed from each production run for testing*
   b. *Variation is the difference between ITL measured concentration and producer's expected serving size dosage*
      i. *NDA to establish allowable variation including weight and homogeneity between the ITL results and the intended dosage*

4. **Which guiding principle(s) does this recommendation support?**

Guiding Principle 1 – Promote the health, safety, and well-being of Nevada's communities

Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry

Guiding Principle 6 - Establish regulations that are clear and practical, so that interactions between law enforcement, consumers, and licensees are predictable and understandable

Guiding Principle 7 - Take action that is faithful to the text of Question 2

5. **What provision(s) of Question 2 does this recommendation apply to?**

   Section 2, subsection (g): Marijuana sold in the state will be tested and labeled

   Section 3, subsection 15: "Marijuana testing facility" means an entity licensed to test marijuana and marijuana products, including for potency and contaminants

6. **What issue(s) does the recommendation resolve?**

   Establishes practical guidelines for standardization of edible cannabis product approval, testing, and reporting.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   No dissent

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   Department of Taxation to adapt DPBH regulations.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   The recommendation will add cost to facilities that manufacturer edible cannabis products. Initial validation testing of the process will require homogeneity testing within a production run prior to an edible product being approval for sale. Following approval, testing of a serving will be required during state-mandated safety testing. This should not add cost since the unit is already undergoing potency testing.

Distribution and Transportation

Commercial Transportation and Storage – Operational Requirements

1. **Working group name:**

   Transportation, Storage and Disposal

2. **Individual sponsor(s):**

   Shellie Hughes – Department of Taxation, Chief Deputy Director
   Kurt Brown – Capital Beverage, Inc.
   Tim Conder – Blackbird Transportation

3. **Describe the recommendation:**

   The Transportation, Storage and Disposal Group recommends the following for the Operational Requirements for Licensed Marijuana Distributors:

I. LICENSING REQUIREMENTS

Marijuana Distributors

1. *To transport marijuana and marijuana products, an entity must have a marijuana distributor's license with the exception of:*

   a. *Delivery of marijuana and marijuana products by a licensed marijuana retail store to a consumer (see definition of Marijuana Distributor, NRS 453D.030 (10));*
   b. *Transporting of marijuana and marijuana products for testing by a licensed marijuana testing facility pursuant to NRS 453D.120 (5);*
   c. *Transporting of marijuana and marijuana products by a licensed marijuana cultivation facility or a licensed marijuana product manufacturing facility to or from a licensed marijuana testing facility, licensed marijuana cultivation facility or a licensed marijuana product manufacturing facility pursuant to NRS 453D.120(2) & (3); or*
   d. *Transporting of medical marijuana (NRS 453A.362(4)).*

2. *Licensed marijuana distributors may enter into service agreements or contracts with licensed marijuana establishments for the transport of marijuana and marijuana products which may include such requirements as insurance coverage, including third party and employee theft, and climate control.*

3. *A licensed marijuana distributor must use an inventory tracking system that is in compliance with the Department similar to what is required in NRS 453A.356.*

4. *A licensed marijuana distributor cannot purchase or sell marijuana and marijuana products unless they also hold another marijuana establishment license that allows for the purchase and sale of marijuana and marijuana products.*

Employees

1. *Employees of licensed marijuana distributors, including drivers and occupants transporting marijuana and marijuana products, must be 21 years of age or older and must obtain a valid agent card issued by the Department of Taxation (Department).*

2. *While engaged in the transportation of marijuana and marijuana products, any person that occupies a transport vehicle when it is loaded with marijuana must have their physical agent card in their possession.*

3. *All drivers must carry in the vehicle valid driver's insurance at the limits required by the State of Nevada. All drivers must be bonded in an amount sufficient to cover any claim that could be brought, or disclose to all parties that their drivers are not bonded.*

4. *Agent cardholders and the licensed marijuana distributor they work for are responsible for the marijuana and marijuana product once it takes control of the product and leaves the premises of the marijuana establishment.*

II. LOAD RESTRICTIONS

1. *There is no load limit on the amount or weight of marijuana and marijuana products that is being transported by a licensed marijuana distributor. Limitations are addressed through other regulations (DOT, Insurance coverage etc.)*

2. *When transporting by vehicle, marijuana and marijuana product must be in a lockbox or locked cargo area. Live plants can be transported in a fully enclosed, windowless locked trailer or secured area inside body/compartment of a locked van or truck so that they are not visible to the outside.*

3. *If the value of the marijuana and marijuana products being transported by vehicle is in excess of $10,000 (the insured value per the shipping manifest), the transporting vehicle must be equipped with a car alarm with sound or have two of the marijuana distributor's employees with agent cards involved in the transportation.*

4. *All marijuana and marijuana product must be tagged for purposes of inventory tracking with a unique identifying label as required by the Department and remain tagged during transport. This unique identifying label should be similar to the label required in NRS 453A.360(4).*

5. *All marijuana and marijuana product when transported by vehicle must be transported in sealed packages and containers and remain unopened during transport.*

6. *All marijuana and marijuana product transported by vehicle should be inventoried and accounted for in the inventory tracking system. Loading and unloading of marijuana and marijuana products from the transporting vehicle must be within view of existing video surveillance systems prior to leaving origination location. Security requirements should be similar to those in NAC 453A.420.*

III. VEHICLE REQUIREMENTS

1. *Licensed marijuana distributors that will be transporting the product between its own licensed establishments that are contained within the same building, are contiguous or are located within 500 feet of each other are not required to transport by vehicle.*

2. *A licensed marijuana distributor can use any vehicle that meets the vehicle requirements in NRS Chapter 484D and sections 3-5 below, to transport marijuana and marijuana products.*

3. *Licensed marijuana distributors must obtain approval from the Department for each vehicle it is intending to use for distribution of marijuana and marijuana products. The Department will issue an identification card containing information as determined by the Department for each vehicle and this card is to be kept in the vehicle at all times.*

4. *Licensed marijuana distributor's transporting vehicles cannot have any advertising or markings related to marijuana.*

5. *Licensed marijuana distributor's transport vehicles are subject to inspection by the Department, similar to inspection procedures in 453A.*

IV. TRANSPORTATION REQUIREMENTS

1. *Licensed marijuana distributors can transport marijuana and marijuana product from multiple licensed marijuana establishments but cannot transport marijuana with any other product unless that product is merchandise, packaging or promotional items directly related to the product being transported.*

2. *Transportation hours should be reasonable as to allow for delivery to a licensed marijuana establishment during operating hours.*

3. *If transportation occurs by vehicle, the licensed marijuana distributor transporting marijuana and marijuana products must only travel to and from licensed marijuana establishments and must not make any unnecessary stops that are not disclosed in the trip plan and shipping manifest. The transporting vehicle may make fuel stops as necessary and keep a list of designated fuel stops along the route that can be submitted to the Department upon request.*

4. *If the transport vehicle is stopped at an unlicensed location, is involved in a traffic accident, or the vehicle breaks down and scheduled travel is interrupted for more than 2 hours, the distributor must notify the Department of the interruption by means determined by the Department.*

5. *A licensed marijuana distributor may use the inventory tracking system approved by the Department to create shipping manifests documenting the transport of marijuana and marijuana products between marijuana establishments that are not co-located. A paper manifest or digital copy is to be kept with product at all times unless the licensed marijuana distributor is transporting marijuana and marijuana products between co-located marijuana establishments.*

    a. *For licensed marijuana establishments that are not co-located, when the licensed marijuana establishment receives marijuana and marijuana products, it must ensure that the marijuana and marijuana products received are described in the manifest, match the product run, batch and/or lot numbers on the invoice or purchase order and record receipt in the tracking system.*

    b. *For co-located licensed marijuana establishments, when the licensed marijuana establishment receives marijuana and marijuana products, it must record the receipt in the tracking system.*

6. *The manifest or trip plan created must include:*
    a. *The type of marijuana being transported along the information contained on the unique identifying label;*
    b. *Amount and/or weight of marijuana and marijuana products being transported;*
    c. *Name of transporter and contact information;*
    d. *Information about the transporting vehicle contained in the vehicle identification card issued by the Department;*
    e. *Date and times of departure and expected delivery; and*
    f. *Name of licensed marijuana establishment receiving the marijuana and marijuana product and contact information for that establishment.*

7. *A licensed marijuana distributor may only transport marijuana and marijuana products within Nevada.*

V. OTHER REQUIREMENTS

1. *A licensed marijuana distributor must report any vehicle accident that occurs during transportation and report any loss or theft of marijuana and marijuana products that occurs during transportation to the Department and law enforcement.*

2. *A licensed marijuana distributor must retain all reports for 5 years and provide to the Department upon request.*

4. Which guiding principle(s) does this recommendation support?

Guiding Principle 1 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry

Guiding Principle 2 - Ensure that youth are protected from the risks associated with marijuana, including preventing the diversion of marijuana to anyone under the age of 21

Guiding Principle 3 - Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome

Guiding Principle 4 - Establish regulations that are clear and practical, so that interactions between law enforcement (at the local, state and federal levels), consumers, and licensees are predictable and understandable

Guiding Principle 7 - Take action that is faithful to the text of Question 2

5. What provision(s) of Question 2 does this recommendation apply to?

NRS 453D.120 (4): Possess marijuana and marijuana products and transfer and transport marijuana and marijuana products between marijuana establishments, if the person transporting the marijuana and marijuana products has a current, valid license to operate as a marijuana distributor or is acting in his or her capacity as an agent of a marijuana distributor.

NRS 453D.200 (1) (c), (d), (g), and (h): 1. Not later than January 1, 2018, the Department shall adopt all regulations necessary or convenient to carry out the provisions of this chapter. The regulations must not prohibit the operation of marijuana establishments, either expressly or through regulations that make their operation unreasonably impracticable. The regulations shall include: (c) Requirements for the security of marijuana establishments; (d) Requirements to prevent the sale or diversion of marijuana and marijuana products to persons under 21 years of age; (g) Requirements for record keeping by marijuana establishments; and (h) Reasonable restrictions on signage, marketing, display, and advertising.

NRS 453D.300 (1) & (5) *In addition to requirements established by rule pursuant to* NRS 453D.200*:*

1. Marijuana establishments shall:

(a) Secure every entrance to the establishment so that access to areas containing marijuana is restricted to persons authorized to possess marijuana;

(b) Secure the inventory and equipment of the marijuana establishment during and after operating hours to deter and prevent theft of marijuana;

(c) Determine the criminal history of any person before the person works or volunteers at the marijuana establishment and prevent any person who has been convicted of an excluded felony offense or who is not 21 years of age or older from working or volunteering for the marijuana establishment.

2. A marijuana establishment is subject to reasonable inspection by the Department, and a person who holds a marijuana establishment license must make himself or herself, or an agent thereof, available and present for any inspection required by the Department. The Department shall make reasonable accommodations so that ordinary business is not interrupted and safety and security procedures are not compromised by the inspection.

6. What issue(s) does the recommendation resolve?

Operational requirements for licensed marijuana distributors

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   No Dissent

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   Most of these recommendations should only need to be addressed in regulation. A statute may be needed if we want to include a marijuana distributor's license for transportation of medical marijuana.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   None

Storage Requirements

1. **Working Group Name:**

   Transportation, Storage and Disposal Working Group

2. **Individual Sponsor(s):**

   Joe Pollock, Deputy Administrator, DPBH, NV Medical Marijuana Program
   Tim Conder - Blackbird Transportation

3. **Describe the Recommendation:**

   Requirements concerning storage of marijuana at a licensed distributor:

   1. At each marijuana distributor, marijuana must be stored only in an enclosed, locked facility.
   2. At each marijuana distributor, marijuana must be stored in a secure, locked device, cabinet or room or locked transportation vehicle within the enclosed, locked facility. The secure, locked device or room must be protected by a lock or locking mechanism that meets at least the security rating established by Underwriters Laboratories for key locks.
   3. Distributor premises shall be made available for inspection by the department during normal business hours without notice.
   4. Marijuana products shall not be stored with the distributor for more than (3) days without written consent from the Department. If the product is removed from the vehicle for storage, the inventory shall be verified following off-load and prior to on-load.
   The tracking system requirements shall be consistent with current NAC 453A requirements for establishments.

4. **Which Guiding Principle(s) does this recommendation support?**

   Guiding Principle 1 - Promote the health, safety, and well-being of Nevada's communities

   Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry

   Guiding Principle 3 - Ensure that youth are protected from the risks associated with marijuana, including preventing the diversion of marijuana to anyone under the age of 21

   Guiding Principle 4 - Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome

   Guiding Principle 6 - Establish regulations that are clear and practical, so that interactions between law enforcement (at the local, state and federal levels), consumers, and licensees are

predictable and understandable

Guiding Principle 7 - Take action that is faithful to the text of Question 2

5. **What provision(s) of Question 2 does this recommendation apply to?**

NRS 453D.200 (1)(c),(d),(g), and (h): 1. Not later than January 1, 2018, the Department shall adopt all regulations necessary or convenient to carry out the provisions of this chapter. The regulations must not prohibit the operation of marijuana establishments, either expressly or through regulations that make their operation unreasonably impracticable. The regulations shall include: (c) Requirements for the security of marijuana establishments; (d) Requirements to prevent the sale or diversion of marijuana and marijuana products to persons under 21 years of age; (g) Requirements for record keeping by marijuana establishments; and (h) Reasonable restrictions on signage, marketing, display, and advertising.

NRS 453D.300 (1) & (5) In addition to requirements established by rule pursuant to NRS 453D.200 :
1. Marijuana establishments shall:
(a) Secure every entrance to the establishment so that access to areas containing marijuana is restricted to persons authorized to possess marijuana;
(b) Secure the inventory and equipment of the marijuana establishment during and after operating hours to deter and prevent theft of marijuana;
(c) Determine the criminal history of any person before the person works or volunteers at the marijuana establishment and prevent any person who has been convicted of an excluded felony offense or who is not 21 years of age or older from working or volunteering for the marijuana establishment.

5. A marijuana establishment is subject to reasonable inspection by the Department, and a person who holds a marijuana establishment license must make himself or herself, or an agent thereof, available and present for any inspection required by the Department. The Department shall make reasonable accommodations so that ordinary business is not interrupted and safety and security procedures are not compromised by the inspection.

6. **What issue(s) does the recommendation resolve?**

Storage requirements for distributors

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

One member had concerns with storage requirements during transportation.

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

Storage requirements added to regulation for the recreational marijuana program

9. Additional information (cost of implementation, priority according to the recommendations, etc.).

The intent of this recommendation is not to create distribution centers. Storage will be allowed only as normal business operations of the transportation process.

Application Process for a Distributor License

1. **Working group name:**

   Transportation, Storage and Disposal

2. **Individual sponsor(s):**

   Brett Scolari, Tryke Companies
   Tim Conder, Blackbird Logistics

3. **Describe the recommendation:**

   MARIJUANA DISTRIBUTOR - APPLICATION REQUIREMENTS

   If the Department determines that there are an insufficient number of wholesale liquor licenses, pursuant to 453D, the Department shall accept marijuana distributor applications from individuals/entities meeting at least one of the following criteria:

   (a) A Liquor wholesaler dealer licensed pursuant to NRS 369;
   (b) A Medical Marijuana Establishment that holds a registration certificate pursuant to NRS 453A.322(5);
   (c) A Marijuana Establishment licensed pursuant to NRS 453D as one of the following license types:
   (i) A Marijuana Cultivation Facility as defined in NRS 453D.030(9);
   (ii) A Marijuana Product Manufacturing Facility as defined in NRS 453D.030(12); or
   (iii) A Retail Marijuana Store as defined in NRS 453D.030(18); and
   (d) Applicants who are currently in the business of transporting medical marijuana and whose employees hold valid agent cards pursuant to NRS 453A.332(a). For the applicant and each person who is proposed to be an owner, officer or board member of the entity that is currently in the business of transporting medical marijuana must comply with the provisions set forth in NRS 453A.322 and NRS 453.332 regarding fingerprinting and background checks.

   The Department of Taxation shall adopt regulations similar in content to NRS 453A and NAC 453A where applicable in order to establish application requirements and approval of marijuana distributors in accordance with the applicable provisions of Section 5 of the "Initiative to Regulate and Tax Marijuana" to include:

   1(a) Procedures for the issuance, renewal, suspension, and revocation of a license to operate a marijuana establishment (NAC 453A.300 to 453A318, inclusive; 453A.324 to 453A.332, inclusive);

   1(b) Qualifications for licensure that are directly and demonstrably related to the operation of a marijuana establishment (NAC 453A.306);

   1(c) Requirements for the security of marijuana establishments (NAC 453A.420);

1(g) Requirements for record keeping by marijuana establishments (NAC 453A.414);

1(h) Reasonable restrictions on signage, marketing, display, and advertising (NAC 453A.402);

1(i) Procedures for the collection of fees imposed by SECTION 1 to SECTION 18, inclusive, of this act (NAC 453A.352);

1(j) Procedures and requirements to enable the transfer of a license for a marijuana establishment to another qualified person and to enable a licensee to move the location of its establishment to another suitable location (NRS 453A.334 and 453A.350);

1(k) Civil penalties for the failure to comply with any regulation adopted pursuant to this section or for any violation of the provisions of SECTION 13 of this act (NAC 453A.350 – no civil penalty currently exists, only suspension or revocation).

2. The Department shall approve or deny applications for licenses pursuant to SECTION 9 of this act (NAC 453A.332).

3. The Department may by motion or on complaint, after investigation, notice of the specific violation, and an opportunity for a hearing, pursuant to the provisions of Chapter 233B of NRS, suspend, revoke, or fine a licensee for the violation of SECTION 1 to SECTION 18, inclusive, of this act or for a violation of a regulation adopted by the Department pursuant to this section (NAC 453A.330).

4. The Department may immediately suspend the license of any marijuana establishment if the marijuana establishment knowingly sells, delivers, or otherwise transfers marijuana in violation of SECTION 1 to SECTION 18, inclusive, of this act, or knowingly purchases marijuana from any person not licensed pursuant to SECTION 1 to SECTION 18, inclusive, of this act or to Chapter 453A of NRS [Medical Marijuana Law]. The Department must provide an opportunity for a hearing pursuant to the provisions of NRS 233B.121 within a reasonable time from a suspension pursuant to this subsection (NAC 453A.332).

6. The Department shall conduct a background check of each prospective owner, officer, and board member of a marijuana establishment license applicant (NRS 453A.322).

7. The Department shall inspect marijuana establishments as necessary to enforce SECTION 1 to SECTION 18, inclusive, of this act or the regulations adopted pursuant to this section (NAC 453A.322).

4. Which guiding principle(s) does this recommendation support?

Guiding Principle 4 - Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome

5. What provision(s) of Question 2 does this recommendation apply to?

Section 5.

6. What issue(s) does the recommendation resolve?

The recommendation regulatory structure and administrative codes specific to licensed distributors.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   Dissent Written By Kurt Brown & Margaret Arquilla:

   Pursuant to the Initiative Petition passed by majority vote on November 8th, 2016 Section. 2. "The people of the State of Nevada proclaim that marijuana should be regulated in a manner similar to alcohol" the application recommendation put forth by majority vote of the group is in direct conflict with the spirit & language of the Petition.

   In addition the recommendation is in direct conflict with the Initiative Petition Section.5. That states: "these regulations must not prohibit the operation of marijuana establishments, either expressly or through regulations that make their operation unreasonably impracticable". Their application recommendation put forth creates additional burdens and shows bias against current liquor distributors in applying & operating as marijuana distributors.

   Lastly based upon the makeup of the 11 person working group (that includes only 2 alcohol distributors), with many of those presently involved in the medical marijuana transportation business and members of the department of taxation who have made determinations unfavorable for current licensed alcohol distributors, no other outcome could be foreseen.

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   Administrative codes would need to be adopted similar in content to those found in NRS 453A and NAC 453A.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   To be determined

Local Jurisdiction Involvement in Transportation

1. **Working group name:**

   Transportation, Storage and Disposal

2. **Individual sponsor(s):**

   Tom Robinson, Deputy Chief, Reno Police Department
   Tim Conder, Blackbird Transportation

3. **Describe the recommendation:**

   1. In order to expedite traffic stops and ensure officer safety, marijuana establishment and medical marijuana establishment agent cards should be accessible through the Central Repository for Records of Criminal History, or a similar centralized system which is available 24 hours a day, by law enforcement in the field.

   2. Direction and education should be provided to all law enforcement agencies within the State, including those in jurisdictions that do not support or do not have marijuana establishments. This would discourage unnecessary stops, detentions or delays of individuals engaged in all aspects of the legal transportation of marijuana, while still empowering those agencies to enforce illegal transportation of marijuana within the State.

   The Department should be mindful of costs associated with the implementation of this recommendation and not pass those costs along to local jurisdictions wherever possible.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 1 - Promote the health, safety, and well-being of Nevada's communities

   Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry

   Guiding Principle 3 - Ensure that youth are protected from the risks associated with marijuana, including preventing the diversion of marijuana to anyone under the age of 21

   Guiding Principle 4 - Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome

   Guiding Principle 6 - Establish regulations that are clear and practical, so that interactions between law enforcement (at the local, state and federal levels), consumers, and licensees are predictable and understandable

   Guiding Principle 7 - Take action that is faithful to the text of Question 2

5. What provision(s) of Question 2 does this recommendation apply to?

Sec. 8. Lawful operation of marijuana establishments. Notwithstanding any other provision of Nevada law and the law of any political subdivision of Nevada, except as otherwise provided in sections 1 to 18, inclusive, of this act, or the regulations adopted pursuant to section 5 of this act, it is lawful and must not, in this State, be used as the basis for prosecution or penalty by this State or a political subdivision of this State, and must not, in this State, be a basis for seizure or forfeiture of assets for persons 21 years of age or older to:

1. Possess marijuana and marijuana products, purchase marijuana from a marijuana cultivation facility, purchase marijuana and marijuana products from a marijuana product manufacturing facility, return marijuana or marijuana products to a facility from which they were purchased, transport marijuana and marijuana products to or from a marijuana testing facility, use the services of a marijuana distributor to transport marijuana or marijuana products to or from marijuana establishments, or sell marijuana and marijuana products to consumers, if the person conducting the activities described in this subsection has a current, valid license to operate a retail marijuana store or is acting in the person's capacity as an agent of a retail marijuana store.

2. Cultivate, harvest, process, package, or possess marijuana, sell marijuana to a marijuana cultivation facility, a marijuana product manufacturing facility, or a retail marijuana store, transport marijuana to or from a marijuana cultivation facility, a marijuana product manufacturing facility, or a marijuana testing facility, use the services of a marijuana distributor to transport marijuana to or from marijuana establishments, or purchase marijuana from a marijuana cultivation facility, if the person conducting the activities described in this paragraph has a current, valid license to operate a marijuana cultivation facility or is acting in his or her capacity as an agent of a marijuana cultivation facility.

3. Package, process, manufacture, or possess marijuana and marijuana products, transport marijuana and marijuana products to or from a marijuana testing facility, a marijuana cultivation facility, or a marijuana product manufacturing facility, use the services of a marijuana distributor to transport marijuana or marijuana products to or from marijuana establishments, sell marijuana and marijuana products to a retail marijuana store or a marijuana product manufacturing facility, purchase marijuana from a marijuana cultivation facility, or purchase marijuana and marijuana products from a marijuana product manufacturing facility, if the person conducting the activities described in this paragraph has a current, valid license to operate a marijuana product manufacturing facility or is acting in his or her capacity as an agent of a marijuana product manufacturing facility.

4. Possess marijuana and marijuana products and transfer and transport marijuana and marijuana products between marijuana establishments, if the person transporting the marijuana and marijuana products has a current, valid license to operate as a marijuana distributor or is acting in his or her capacity as an agent of a marijuana distributor.

6. What issue(s) does the recommendation resolve?

This recommendation provides guidance to law enforcement for addressing legal marijuana transportation in the State of Nevada.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   No, there was not.

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   If it is decided to add Agent Card information to the Central Repository, changes to NRS 179A may be necessary.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   There may be costs to the Department associated with getting the agent card information into a centralized system, but those costs are unknown.

Delivery

1. **Working group name:**

   Operations- Retail Establishment

2. **Individual sponsor(s):**

   Riana Durrett, Executive Director, Nevada Dispensary Association
   Mona Lisa Samuelson, Patient Advocate
   Wes Henderson, Executive Director, League of Cities
   Members of the Transportation/Storage/Disposal and Law Enforcement working group contributed to this effort, including T. Conder, J. DiMuro and J. Chaney

3. **Describe the recommendation:**

   The Operations- Retail Establishment working group recommends that the Nevada Legislature, Department of Taxation, and local governments enact laws and ordinances that would support and facilitate a robust, efficient, and convenient delivery system for adult marijuana consumers, operated by marijuana establishments. Enacting regulations that facilitate a convenient and efficient delivery system supports law enforcement's efforts and good public policy for the following reasons:

   - *At least one law enforcement agency has indicated that the successful implementation of a delivery system that consumers find to be safe and convenient is critical to the effort to reduce or shut down the illegal unregulated market.*

   - *Law enforcement has expressed frustration with illegal and unregulated marijuana delivery services, which consumers often believe are legal, especially because possession of marijuana is now legal in Nevada. However, the illegal and unregulated delivery businesses, which are quite sophisticated and well-organized, are often connected to larger crime rings and violent crime. The more the regulated marijuana businesses are able to provide convenient and cost-effective deliveries to consumers, the more the sales of marijuana can be regulated and sales to minors can be prevented.*

   - *In order to allow the regulated retail marijuana market to compete with the unregulated market, dispensaries must be able to offer deliveries that are convenient and competitive with marijuana sold on the unregulated market. The regulations governing deliveries should be adopted from the medical marijuana program and adapted to accommodate any mandates set forth in Question Two.*

   - *Another priority that law enforcement has expressed, is their need to identify legal deliveries versus illegal deliveries. In order to accommodate this concern, the permanent regulations should include provisions similar to the medical marijuana program that require trip plans, trip logs, theft reports, verification of age, possession of proof that the person is a registered agent of a marijuana establishment, etc.*

Finally, deliveries should only be conducted by registered agents that are licensed with the Department of Taxation and the entity's local jurisdiction to legally possess more than one ounce of marijuana.

4. Which guiding principle(s) does this recommendation support?

Guiding Principle 1 - This recommendation promotes the health, safety, and well-being of Nevada's communities by allowing legal, tested, and regulated marijuana to be delivered to adults only and allow the regulated market to reduce the unregulated market, which does not sell only to adults.

Guiding Principle 2 - This recommendation promotes the guiding principle to be responsive to the needs and issues of consumers, non-consumers, and local governments, and the industry. This recommendation promotes the success of the retail marijuana market to the detriment of the illegal unregulated market, which is a market that does not test its products and does not require age verification.

5. What provision(s) of Question 2 does this recommendation apply to?

This recommendation applies to IP1, Section 2c.

6. What issue(s) does the recommendation resolve?

Not known.

7. Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.

Not known.

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

The Department will need to promulgate regulations pertaining to the retail marijuana program, as mandated by IP1.

9. Additional information (cost of implementation, priority according to the recommendations, Etc.).

Local jurisdictions will have the ability to opt out of the regulated delivery of marijuana.

Packaging, Labeling, Potency Limitations

Packaging Requirements

1. **Working group name:**

   Production / Manufacturing / Law Enforcement/ Consumer Safety/Education/Health Working Groups

2. **Individual sponsor(s):**

   Jennifer Lazovich, Kaempfer Crowell
   Meg Collins, Good Chemistry
   Anna Thornley, Department of Taxation
   Andrea Zeller, Churchill Community Coalition
   Jake Ward, Pure Tonic Concentrates
   Dr. Joseph Iser, Southern Nevada Health District
   Mona Lisa Samuelson, Marijuana Advocate
   Jen Solas, Wellness Education Cannabis Advocates of Nevada
   Shane Johnson, SJ3D Holdings, Inc.
   Chuck Calloway, Metro
   Brian Hyun, The Grove

3. **Describe the recommendation:**

   Proposal for production and packaging requirements of recreational edible marijuana products and recreational marijuana infused products. The suggested changes are a reflection of existing packaging requirements in the Nevada medical marijuana regulations; elements of the Colorado recreational regulations; and certain language that is proposed in SB 344. The proposal also requires that the state set all requirements for production, label and packaging. Local governments will follow state regulations for production, label and packaging requirements.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 1 – Promotes the health, safety and well-being of Nevada's communities.

   Guiding Principle 3- Ensure that youth are protected from the risks associated with marijuana, including preventing the diversion of marijuana to anyone under the age of 21.

   Guiding Principle 4 – Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome.

   Guiding Principle 6 – Establish regulations that are clear and practical, so that interactions between law enforcement (at the local, state and federal levels), and licensees are predictable and understandable.

5. **What provision(s) of Question 2 does this recommendation apply to?**

Provide regulation for packaging requirements to address public health and public safety.

6. **What issue(s) does the recommendation resolve?**

The recommendation provides clear guidance to state regulators, producers and manufacturers of the packaging requirements that are specific to the recreational market. Imposes packaging and manufacturing requirements that are practicable and reasonable to ensure the safety of recreational users and protects children from accidental ingestion of marijuana products.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

No dissent.

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

Recommendation is to revise existing NAC provisions relating to Packaging and Labeling of marijuana and related products and adopt new regulation as set forth below.

Suggested Changes to Existing NAC Provisions
Packaging and Labeling of Marijuana and Related Products

NAC 453A.500 Packaging: Generally. (NRS 453A.370)

1. ~~1. Any product containing marijuana must be packaged in child-resistant packaging in accordance with 16 C.F.R. § 1700 or the standards specified in subsection 2 or 3~~. Any product containing marijuana must be designed or constructed to be significantly difficult for children under five years of age to open and not difficult for normal adults to use properly as defined by 16 C.F.R. 1700.20 (1995). Note that this rule does not include any later amendments or editions to the Code of Federal Regulations. The Department will maintain a copy of the applicable federal regulation, which is available to the public.

~~2. Except as otherwise provided in subsection 3, marijuana-infused products in solid or liquid form must be packaged in plastic which is 4 millimeters or more in thickness and must be heat-sealed without an easy-open tab, dimple, corner or flap so that it is difficult for a child to open and as a tamperproof measure.~~

~~3. Marijuana-infused products in liquid form may be sealed using a metal crown cork-style bottle cap.~~

2. Opaque packaging is required for edible products. If practicable, each single serving edible shall be placed in opaque packaging. If not practicable for each single serving edible, then the multiple serving edible products must be placed in a child resistant package as set forth in subsection 1.

~~4~~ 3. Any container or packaging containing usable marijuana, edible marijuana products or marijuana-infused products must protect the contents from contamination and must not impart any toxic or deleterious substance to the usable marijuana or marijuana product.

(Added to NAC by Div. of Pub. & Behavioral Health by R004-14, 3-28-2014, eff. 4-1-2014)

NAC 453A.502 Labeling: Generally. (NRS 453A.370) *Each cultivation facility, facility for the production of edible marijuana products or marijuana-infused products and ~~medical~~ marijuana dispensary shall:*

1. Use for labeling all marijuana, edible marijuana products and marijuana-infused products the standard label described in NAC 453A.506 to 453A.512, inclusive;

2. Exercise strict control over labeling materials issued for use in labeling operations for marijuana, edible marijuana products and marijuana-infused products;

3. Carefully examine labeling materials issued for a batch for identity and conformity to the labeling specified in the applicable production or control records; and

4. Have and follow written procedures describing in sufficient detail the control procedures employed for the issuance of labeling.

(Added to NAC by Div. of Pub. & Behavioral Health by R004-14, 3-28-2014, eff. 4-1-2014)

NAC 453A.504 Labeling as "organic." (NRS 453A.370) *A cultivation facility or facility for the production of edible marijuana products or marijuana-infused products shall not label usable marijuana, edible marijuana products or marijuana-infused products as "organic" unless the marijuana plants used are produced, processed and certified in a manner that is consistent with the national organic standards established by the United States Department of Agriculture in accordance with the Organic Foods Production Act of 1990.*

(Added to NAC by Div. of Pub. & Behavioral Health by R004-14, 3-28-2014, eff. 4-1-2014)

NAC 453A.506 Maximum unit size; minimum requirements for font ~~and size~~ of label. (NRS 453A.370)

1. Any ~~medical~~ marijuana establishment that packages marijuana, edible marijuana products or marijuana-infused products must individually package, label and seal the marijuana or marijuana products in unit sizes ~~such that no single unit contains more than a 2 ½ ounce supply of marijuana~~ and in accordance with State law.

2. For marijuana, edible marijuana products or marijuana-infused products that are intended to be dispensed ~~or sold to a holder of a valid registry identification card or his or her designated primary caregiver~~:

(a) The text used on all labeling must be printed in at least ~~10~~ 8-point font and may not be in italics; and

(b) Each label must be affixed and include information about THC content, serving size, and the statement "THC accurate within 15% +/-."~~at least 2 ¾ inches high by 4 inches wide.~~

(Added to NAC by Div. of Pub. & Behavioral Health by R004-14, 3-28-2014, eff. 4-1-2014)

NAC 453A.508 Labeling requirements for marijuana and related products for sale to ~~medical~~ marijuana dispensary. (NRS 453A.370)

1. A cultivation facility or facility for the production of edible marijuana products or marijuana-infused products shall label all marijuana, edible marijuana products and marijuana-infused products before it sells the marijuana or marijuana products to a ~~medical~~ marijuana dispensary and shall securely affix to the package a label that includes, without limitation, in legible English:

(a) The name of the marijuana establishment and its ~~medical~~ marijuana establishment registration certificate number;

(b) The ~~lot~~ production run number;

(c) The date of harvest;

(d) The date of final testing;

(e) The date on which the product was packaged;

(f) The cannabinoid profile and potency levels and terpinoid profile as determined by the independent testing laboratory;

(g) If the product is perishable, the expiration date; and

(h) The quantity of marijuana being sold.

2. The label required by subsection 1 for a container or package containing usable marijuana, edible marijuana products or marijuana-infused products sold by a cultivation facility or facility for the production of edible marijuana products or marijuana-infused products must be in substantially the following form:

JT'S NURSERY
Certificate Number: *123 456 789 001 0001*

~~***Lot Number***~~ ***Production Run:***
1234
~~*Harvested on:*~~
~~*01/01/2013*~~

Final Testing Date: *01/15/2013*
Packaged on: *01/17/2013*
Best if used by: *March 17, 2013*

16.7% THC 1.5% CBD 0.3% CBN
Myrcene 5.6 mg/g Limonene 5.1 mg/g
Valencene 3.5 mg/g

Net Weight: *2 lbs.*

(Added to NAC by Div. of Pub. & Behavioral Health by R004-14, 3-28-2014, eff. 4-1-2014)

NAC 453A.510 Labeling requirements for usable marijuana sold at retail; accompanying materials. (NRS 453A.370)

1. ~~A~~ If not already provided on another label or package, the ~~medical~~ marijuana dispensary must affix to each container or package containing usable marijuana sold at retail a label which must include, without limitation:

(a) The business or trade name and the ~~medical~~ marijuana establishment registration certificate number of the cultivation facility that cultivated and sold the usable marijuana.

(b) The lot number.

(c) The date and quantity dispensed, including the net weight measured in ounces and grams or by volume, as appropriate.

~~*(d) The name and registry identification card number of the patient and, if applicable, the name of his or her designated primary caregiver.*~~

(e~~d~~) The name and address of the ~~medical~~ marijuana dispensary.

(~~f~~e) The cannabinoid profile and potency levels and terpinoid profile as determined by the independent testing laboratory.

(~~g~~f) A warning that states: "This product may have intoxicating effects and may be habit forming."

(~~h~~g) The statement: "This product may be unlawful outside of the State of Nevada."

~~*(i) The date on which the marijuana was harvested.*~~

2. The label required by subsection 1 for a container or package containing usable marijuana sold at retail must be in substantially the following form:

> *Joe's Plant Emporium* *Cert.#: 123 456*
> *789 001 0001*
> *Lot#: 1234*
> ~~*Harvested: 01/01/2013*~~
> ***Dispensed to:*** ~~*John J. Smith #1234987 on 11/27/2013*~~
> *by*
> *We Care Dispensary*
> *123 Main Street, Carson City, NV 89701*
>
> ***WARNING:***
> *This product may have intoxicating effects*
> *and may be habit forming.*
>
> *16.7% THC 1.5% CBD 0.3% CBN*
> *Myrcene 5.6 mg/g Limonene 5.1 mg/g*
> *Valencene 3.5 mg/g*
>
> *Net Weight: .25 ounces (7 grams)*
>
> ***This product may be unlawful outside the State of Nevada.***

3. A ~~medical~~ marijuana dispensary must provide with all usable marijuana sold at retail accompanying material that discloses any pesticides applied to the marijuana plants and growing medium during production and processing and contains the following warnings:

(a) "Warning: This product may have intoxicating effects and may be habit forming. Smoking is hazardous to your health."

(b) "There may be health risks associated with consumption of this product."

(c) "Should not be used by women who are pregnant or breast feeding."

(d) "For use only by the person named on the label of the dispensed product. Keep out of the reach of children."

(e) "Marijuana can impair concentration, coordination and judgment. Do not operate a vehicle or machinery under the influence of this drug."

4. The text used on all accompanying material must be printed in at least 12-point font and may not be in italics.

(Added to NAC by Div. of Pub. & Behavioral Health by R004-14, 3-28-2014, eff. 4-1-2014)

NAC 453A.512 Labeling requirements for edible marijuana products or marijuana-infused products sold at retail; accompanying materials. (NRS 453A.370)

1. A medical marijuana dispensary must ~~affix to~~ make available with each container or package containing edible marijuana products or marijuana-infused products sold at retail a label which must include, without limitation:

(a) The business or trade name and the ~~medical~~ marijuana establishment registration certificate number of the facility for the production of edible marijuana products or marijuana-infused products that manufactured and sold the product.

~~(b) The lot numbers of all marijuana used to create the product.~~

(~~c~~b) The ~~batch~~ production run number of the product.

(~~d~~c) The date and quantity dispensed, including the net weight in ounces and grams or by volume, as appropriate.

~~(3) The name and registry identification card number of the patient and, if applicable, the name of his or her designated caregiver.~~

(~~f~~d) The name and address of the ~~medical~~ marijuana dispensary.

(~~g~~e) The date on which the product was manufactured.

(~~f~~h) If the product is perishable, a suggested use-by date.

(~~i~~g) The total milligrams of active cannabinoids and terpinoids in the product, as provided by the independent testing laboratory that tested the product.

(~~j~~h) A list of all ingredients and all major food allergens as identified in 21 U.S.C. §§ 343.

(~~k~~i) A warning that states: "Caution: When eaten or swallowed, the intoxicating effects of this drug may be delayed by 2 or more hours."

(~~l~~j) If a marijuana extract was added to the product, a disclosure of the type of extraction process and any solvent, gas or other chemical used in the extraction process, or any other compound added to the extract.

(~~m~~k) A warning that states: "This product may have intoxicating effects and may be habit forming."

(~~n~~l) A statement that: "This product may be unlawful outside of the State of Nevada."

2. The front and back of the label required by subsection 1 for a container or package containing edible marijuana products or marijuana-infused products sold at retail must be in substantially the following form:

We Care Dispensary, 123 Main Street, Carson City, NV 89701

Date Dispensed: *3/27/2014* ***To:*** ~~*John J. Smith #1234987*~~

Cookie
Net Weight: *6oz (168 Grams)*
Serving Size: *10mg of THC*
Contains 10 servings and a total of 100 MG of THC
Use by: *6/3/2014*
Myrcene 5.6 mg/g Limonene 5.1 mg/g Valencene 3.5 mg/g

CAUTION: *When eaten or swallowed the intoxicating effects of this product can be delayed 2 or more hours.*

This product may be unlawful outside the State of Nevada.

Manufactured at: *Joe's Kitchen Cert.#: 321654987101 0401*
123 Main Street, Las Vegas, NV on 2/1/14

Lot#: 1234 Batch #5463

INGREDIENTS: *Flour, Butter, Canola Oil, Sugar, Chocolate, Marijuana, Strawberries*

CONTAINS ALLERGENS: *Milk, Wheat*

Contains marijuana extract processed with butane.

WARNING: *This product may have intoxicating effects and may be habit forming.*

3. A ~~medical~~ marijuana dispensary must provide with all edible marijuana products and marijuana-infused products sold at retail accompanying material that discloses any pesticides applied to the marijuana plants and growing medium during production of the marijuana used to create the extract added to the edible marijuana products or marijuana-infused products and the type of extraction method used, including, without limitation, any solvents, gases or other chemicals or compounds used to produce or that are added to the extract, and contains the following warnings:

(a) "There may be health risks associated with consumption of this product."

(b) "This product contains or is infused with marijuana or active compounds of marijuana."

(c) "Should not be used by women who are pregnant or breast feeding."

(d) "For use only by the person named on the label of the dispensed product. Keep out of the reach of children."

(e) "Products containing marijuana can impair concentration, coordination and judgment. Do not operate a vehicle or machinery under the influence of this drug."

(f) "Caution: When eaten or swallowed, the intoxicating effects of this drug may be delayed by 2 or more hours."

4. The text used on all accompanying material must be printed in at least 12-point font and may not be in italics.

(Added to NAC by Div. of Pub. & Behavioral Health by R004-14, 3-28-2014, eff. 4-1-2014)

NAC 453A.514 Required examinations of packaged and labeled products. (NRS 453A.370) *Each cultivation facility, facility for the production of edible marijuana products or marijuana-infused products and ~~medical~~ marijuana dispensary shall:*

1. Examine packaged and labeled products during finishing operations to provide assurance that the containers and packages have the correct labels;

2. Collect a representative sample of units at the completion of finishing operations and ensure that the samples are visually examined for correct labeling; and

3. Record the results of the examinations performed pursuant to subsections 1 and 2 in the applicable production or control records.

(Added to NAC by Div. of Pub. & Behavioral Health by R004-14, 3-28-2014, eff. 4-1-2014)

Adopt New Regulations

Edible Products

Edible products shall be defined as those that contain a common food ingredient, such as sugar or flour, as a principal ingredient, but do not include lozenges, capsules, tinctures, suppositories, concentrates, or other products that may be ingested orally. Any dispute regarding whether a product is defined as an edible shall be subject to final determination by the Department.

Each facility for the production of edible marijuana products or marijuana infused products shall ensure that all edible marijuana products and marijuana infused products offered for sale:

(1) Are not made to appear like cartoon characters, animals, mascots, action figures, balloons, fruit or toys or as otherwise determined by the Department to specifically appeal to children;

(2) Are not modeled after popular name-brand non-cannabis products primarily consumed and marketed to children; and

(3) Are not made by applying cannabinoid concentrates or extracts to popular name-brand commercially available candy or snack food items.

(4) Edible marijuana products or marijuana infused products that are dried fruit or geometric shapes and simply fruit flavored are not considered fruit and are permissible.

(5) Edible marijuana products or marijuana infused products that are manufactured in the shape of a marijuana leaf are permissible.

Packaging

A facility for the production of edible marijuana products or marijuana infused products to be sold to a retail consumer shall not create or use packaging that:

(1) Is made to appear like cartoon characters, animals, mascots, action figures, balloons, fruit or toys or as otherwise determined by the Department to specifically appeal to children; and

(2) Is modeled after popular name-brand non-cannabis products primarily consumed and marketed to children.

(3) The Department shall have the authority to approve all logos for edible marijuana products or marijuana infused products.

Each retail marijuana dispensary and facility for the production of edible marijuana products or marijuana infused products shall ensure that packaging for all edible marijuana products and marijuana infused products offered for sale:

(1) Are labeled clearly and unambiguously as marijuana; and

(2) Are regulated and sold based upon the serving size and number of servings for edible marijuana products and by concentration of THC for marijuana infused products;

Stamping or Molding

Single serving edible products must be stamped or molded with a symbol indicating marijuana.

If the single serving edible product cannot be marked, stamped, made with a mold or otherwise imprinted indicating marijuana then each single serving edible product must be placed in an individual opaque wrapping which includes a symbol indicating marijuana. Multiple servings of edible products which are individually wrapped and marked must be placed in a child resistant package.

Alternatively, a single serving edible product does not need to be stamped if each single serving edible product is contained within a child resistant package.

We recommend the state adopt the same symbol indicating marijuana as used in Colorado.

Local Government Defer to State

We also recommend the Department adopt a regulation that requires local governments and political subdivisions to follow the regulations for edibles and packaging adopted by the state.

Duplication of Packaging Requirements

We recommend that edible products or marijuana infused products must be placed in a child resistant container when sold to a consumer. In order to eliminate duplicative packaging requirements, we would recommend the following:

A retail dispensary must ensure that all marijuana is placed within a child resistant package or container prior to the sale to a consumer. If the package or container containing the marijuana, edible marijuana or marijuana infused products is not already placed inside a child resistant package then the dispensary must place the marijuana, edible marijuana or marijuana infused products into an exit package that is child resistant.

9. Additional information (cost of implementation, priority according to the recommendations, etc.).

None

ND ANYTIME
THC
10mg

Serving Sizes and Packaging Limitations

1. **Working group name:**

   Operations – Production/Manufacturing

2. **Individual sponsor(s):**

   Andrea Zeller, Executive Director, Churchill Community Coalition
   Meg Collins, Good Chemistry
   Jake Ward, Pure Tonic Concentrates
   Brian Hyun, The Grove

3. **Describe the recommendation:**

   This recommendation is a proposal for serving size and packaging requirements of recreational edibles marijuana products. The proposal suggests limiting the edible serving size to 10mg of THC and 100mg of total THC per edible product.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 1- Promote the health, safety, and well-being of Nevada's communities

   Guiding Principle 3- Ensure that youth are protected from the risks associated with marijuana, including preventing the diversion of marijuana to anyone under the age of twenty-one

   Guiding Principle 4- Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome

5. **What provision(s) of Question 2 does this recommendation apply to?**

   Provides definition and regulation on the per serving and total packaging limitation of THC size.

6. **What issue(s) does the recommendation resolve?**

   This recommendation provides the State regulators, marijuana infused product producers and manufacturers the per serving size and total package of THC limitations to the recreational markets.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   No dissent

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

Multiple-Serving Edible Retail Marijuana Product *means an Edible Retail Marijuana Product unit for sale to consumers containing more than 10mg of active THC and no more than 100mg of active THC within a variance of +/- 15%. If the overall Edible Retail Marijuana Product unit for sale to the consumer consists of multiple pieces where each individual piece may contain less than 10mg active THC, yet in total all pieces combined within the unit for sale contain more than 10mg of active THC, then the Edible Retail Marijuana Product shall be considered a Multiple-Serving Edible Retail Marijuana Product.*

Single-Serving Edible Retail Marijuana Product *means an Edible Retail Marijuana Product unit for sale to consumers containing no more than 10mg of active THC.*

Liquid Edible Retail Marijuana Product *that contains a single or multi Serving of Marijuana.*

i. A Retail Marijuana Products Manufacturing Facility must ensure that each product is packaged in a Child-Resistant Container that maintains its Child-Resistant effectiveness for multiple openings prior to leaving the retail marijuana establishment in the hands of the consumer.

ii. ii. The Container shall clearly demark each Serving of Marijuana in a way that enables a reasonable person to intuitively determine how much of the product constitutes a single serving of active THC. The portion of the Container that clearly demarks each Serving of Marijuana need not be Opaque; OR

iii. iii. The Container shall include a device that allows a reasonable person to intuitively measure and serve a single serving of active THC.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

None

Product Types and Their Equivalencies

1. **Working group name:**

   Operations - Production/ Manufacturing

2. **Individual sponsor(s):**

   Bill Erlach – City of Reno Fire Department
   Bryan Hyun – Owner/ Operator – The Grove
   Meg Collins - Good Chemistry
   Jake Ward – Pure Tonic Concentrates

3. **Describe the recommendation:**

   Due to the possession and purchase limits put in place by Question 2 for marijuana and concentrated marijuana, there is some confusion regarding the difference between marijuana flower, marijuana edibles, and marijuana concentrates. This recommendation is intended to add clarity to the regulation of concentrated marijuana as it relates to other marijuana product types.

4. **Which guiding principle(s) does this recommendation support?**
   Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry

   Guiding Principle 4 - Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome

   Guiding Principle 6 - Establish regulations that are clear and practical, so that interactions between law enforcement (at the local, state and federal levels), consumers, and licensees are predictable and understandable

5. **What provision(s) of Question 2 does this recommendation apply to?**

   NRS 453D.030 (2) - "Concentrated marijuana" means the separated resin, whether crude or purified, obtained from marijuana.

   NRS 453D.110 (1) - Possess, use, consume, purchase, obtain, process, or transport marijuana paraphernalia, one ounce or less of marijuana other than concentrated marijuana, or one-eighth of an ounce or less of concentrated marijuana;

6. **What issue(s) does the recommendation resolve?**

   The need to clearly define what concentrated marijuana is and how it relates to other marijuana types for the regulation of retails sales and personal possession limits.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   No dissent.

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   1. Regulation language should clarify that topical and edible marijuana possession and purchase restrictions are not outlined in 453D.110 (1).

   a. Edible marijuana infused products will be regulated by stringent THC limits related to serving size and packaging limitations as outlined in other Production / Manufacturing Work Group recommendations.

   b. Topicals should not be included in the possession and purchase limits outlined by Question 2. The THC in topical preparations are not used or consumed in a manner that would activate the psychoactive effects of the amounts of THC that may be in topical products.

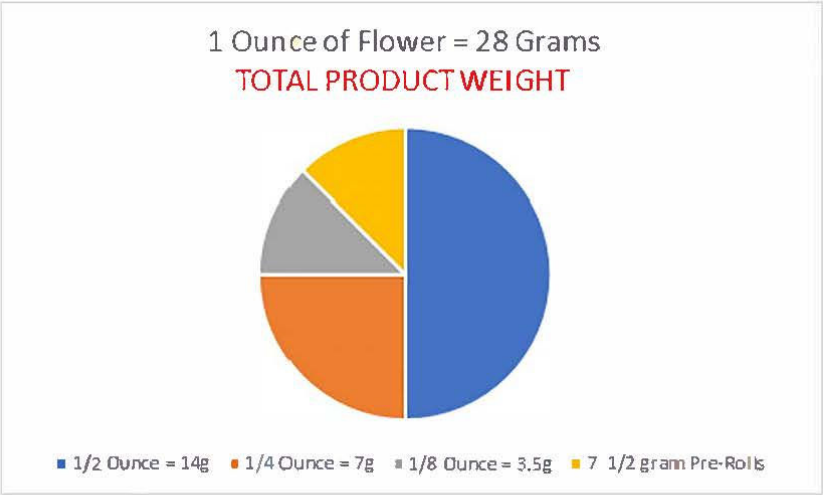
   2. Question 2 allows a consumer to "possess, use, consume, purchase, obtain, process or transport…one ounce or less of marijuana, or one-eighth of an ounce or less of concentrated marijuana. Since there will be cases where an individual may purchase and possess a mixture of marijuana products (concentrated marijuana, marijuana infused edible products, and marijuana flower) then equivalency factors should be developed and put into place so that decisions can be made upon retail sale and in the field by law enforcement. (The Medical Marijuana regulations found in Section 453A.704 contains guidelines for equivalent purchase limits for medical marijuana patients.)

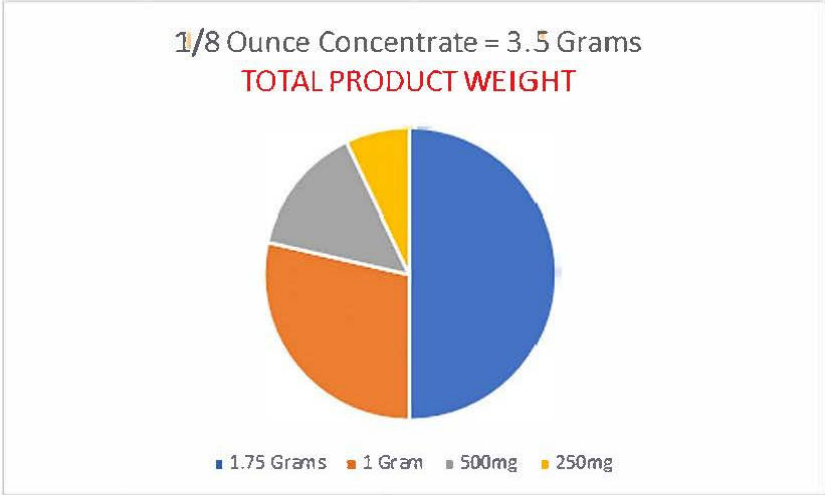
   3. It is important that a comprehensive training program be developed and be administered to law enforcement so that a clear distinction between product types can be made in the field.

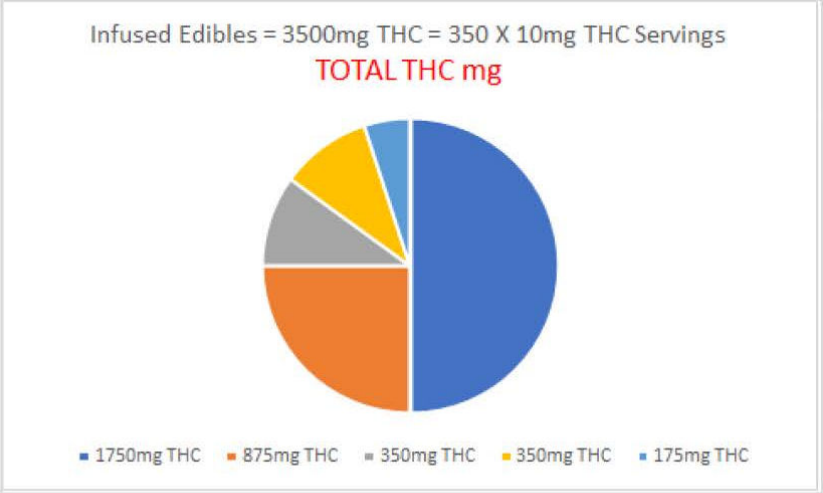
   4. Retail dispensaries should develop and administer training to management and their sales staff that ensures that they understand the sales limitations of marijuana products and concentrate, and the likely combinations thereof, to ensure that all sales are compliant with respect to purchase and possession limits.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   The proposed Nevada equivalency chart is attached below.


1 Ounce of Flower = 28 Grams
TOTAL PRODUCT WEIGHT
1/2 Ounce = 14g
1/4 Ounce = 7g
1/8 Ounce = 3.5g
7 1/2 gram Pre-Rolls


1/8 Ounce Concentrate = 3.5 Grams
TOTAL PRODUCT WEIGHT
1.75 Grams
1 Gram
500mg
250mg


Infused Edibles = 3500mg THC = 350 X 10mg THC Servings
TOTAL THC mg
1750mg THC
875mg THC
350mg THC
350mg THC
175mg THC

Serving Size and Labeling of Edibles

1. **Working group name:**

   Labs Working Group

2. **Individual sponsor(s):**

   Darryl Johnson- Ace Analytical
   Shane Johnson- Silver State Trading
   Alec Garcia- 374 Labs
   David Grenz- Nevada Department of Agriculture
   Ed Alexander- Common Sense Botanicals
   Ben Chew- MM Labs

3. **Describe the recommendation:**

   The goal of this recommendation is to provide information and clarification to the industry and the recreational consumer on the serving size and labeling of edible products. Per previous recommendations accepted by the Task Force regarding a 10mg serving, we feel it is critical to specify how 10mg of THC is calculated. An allowable variation in milligrams of d9-THC per serving will be determined by the Department.

   Cannabis contains the following most common forms of THC:

   - *THCA and d9-THC.*
   - *d9-THC is the psychoactive cannabinoid that produces the "High." THCA is the non-psychoactive cannabinoid.*
   - *THCA can be decarboxylated to the psychoactive form d9-THC by heating or burning.*

   The recommendation is that edibles be labeled using d9-THC milligrams.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 1 – Promote the health, safety, and well-being of Nevada's communities

   Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry

   Guiding Principle 6 - Establish regulations that are clear and practical, so that interactions between law enforcement, consumers, and licensees are predictable and understandable

   Guiding Principle 7 - Take action that is faithful to the text of Question 2

5. **What provision(s) of Question 2 does this recommendation apply to?**

   Section 2, subsection (g): Marijuana sold in the state will be tested and labeled

   Section 3, subsection 15: "Marijuana testing facility" means an entity licensed to test marijuana and marijuana products, including for potency and contaminants

6. **What issue(s) does the recommendation resolve?**

   Establishes practical guidelines for standardization of edible cannabis product approval, testing, and reporting.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   No dissent

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   Adopt NAC pursuant to bills passed during the legislative session.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   Labeling by d9-THC does not add any additional cost and ensures consumers get what they are expecting. Requiring each 10mg servings to be individually wrapped could add additional time and cost to the production facility. Multiple individual wrapped 10mg servings could be sold inside a single package.

Uniform Potency Labeling

1. **Working group name:**

Consumer Safety, Education, and Health

2. **Individual sponsor(s):**

Dr. John DiMuro, Chief Medical Officer DHHS
Dr. Shane Johnson, SJ3D Holdings, Inc.
Jen Solas, WECAN

3. **Describe the recommendation:**

The recommendation has the following two parts:

A) Uniform labeling requirement mandating at least THC% and the commensurate quantification in a milligrams/gram equivalent.

B) Empower the Department of Taxation to amend packaging and labeling requirements commensurate with research

We recommend that there be uniform requirements for the prominent printing of THC content on packaging / labeling and they carry all of the mandated lab test result data. These latter labels are confusing because they contain so much information, the typical consumer will not necessarily understand what they are consuming. Further, the THC variance (currently discussed among the various work groups as +/- 15%) must be adopted as standard (and should also be required to be printed on the packages and/or labels) otherwise ANY variance (in THC) makes this measure cost prohibitive.

With the understanding that products containing THC entail differing routes of administration and are found in different form factors, the following is proposed in terms of initial required uniform potency labeling.

For flower, concentrates, topicals, and tinctures:
XX% THC (+/- relative 15%) (e.g., if % is 20%, should state, "20% THC (+/- 3%)
XX mg/g THC (+/- 15%) (e.g., 200 mg/g +/- 15%)
Total mg THC per container (package, jar, vial, cartridge, etc.

For edibles or other discrete units (e.g., capsules, suppositories, lozenges):
XX mg THC per serving or unit (specify name of unit type) +/- 15%
YY servings or units per container (package, blister pack, vial, etc.)
Total mg THC per container (package, blister pack, vial, etc.)

We further recommend that the aforementioned be initial requirements only, and that the Department of Taxation should be empowered to amend as policy the packaging / labeling requirements related to potency once experience based on market actuals becomes available.

4. **Which guiding principle(s) does this recommendation support?**

Guiding Principle 1 - Promote the health safety and well-being of Nevada's communities.

Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry.

Guiding Principle 4- Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome.

Guiding Principle 6- Establish regulations that are clear and practical, so that interactions between law enforcement, consumers, and licensees are predictable and understandable.

5. **What provision(s) of Question 2 does this recommendation apply to**?

Provide regulation for packaging requirements to address public health and public safety

6. **What issue(s) does the recommendation resolve?**

It supports public safety and consumer awareness

7. Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.

No

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

Regulations related to packaging and labeling will need to be modified.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

Not known.

Signage, Marketing and Advertising

Signage, Marketing and Advertising

1. **Working group name:**

   Retail Establishments

2. **Individual sponsor(s):**

   Riana Durrett, Executive Director, Nevada Dispensary Association
   Andrew Jolley, Dispensary Owner, The Source

   With input from members of the Consumer Safety, Education, and Health Working Group

3. **Describe the recommendation:**

   The Retail Establishments working group recommends that the Department of Taxation impose the following restrictions on advertising by marijuana establishments. These restrictions are based mainly on the goal of preventing youth marijuana usage. All advertisements relating to marijuana establishments should be approved by the Department of Taxation. Once the Department has approved an advertisement, the advertisement may be used as often and within any medium recreational marijuana is allowed.

   (1) ***General.*** *Recreational marijuana advertising must not contain any statement, or illustration that:*

   - *(a) Is false or misleading;*
   - *(b) Promotes over consumption;*
   - *(c) Depicts actual use or consumption of marijuana.*
   - *(d) Depicts a child or other person under legal age to consuming marijuana, or includes:*
     - *(i) Objects, such as toys, characters, or cartoon characters suggesting the presence of a child, or any other depiction designed in any manner to be especially appealing to children or other persons under legal age to consume marijuana; or*
     - *(ii) Is designed in any manner that would target children or other persons under twenty-one years of age.*
   - *(e) In publications, radio, television or other media whose audience is reasonably expected to be composed of more than 30% youth.*

   (2) ***Location****. No licensed marijuana advertising should be allowed:*

   - *(a) Within one thousand feet of school grounds, playground, public park, library, unless the advertisement existed before the above-mentioned facilities opened;*
   - *(b) On or in a public transit vehicle or public transit shelter;*
   - *(c) At sports and entertainment events that are not restricted to persons 21 or older;*

(d) Where prohibited by local government ordinance

(3) ***Free Products.*** *Retail licensees may not advertise "free" or "donated" product, without a purchase.*

(4) ***Messaging.*** *All advertising must contain warning messages required by the Department:*

(a) Keep out of the reach of children
(b) For use only by adults 21 years of age and older or with a medical marijuana card

(5) Signage. *Signage in store will include the following messages:*

(a) No minors permitted on the premises unless accompanied by a caregiver
(b) No on-site consumption of any marijuana products

4. Which guiding principle(s) does this recommendation support?

Guiding Principle 1 – Promote the health, safety, and wellbeing of Nevada's communities

Guiding Principle 2 – Be responsive to the needs and issues of consumers, non-consumers, local governments, and the industry

5. What provision(s) of Question 2 does this recommendation apply to?

This recommendation applies to Section 5 of Question Two, which requires the Department of Taxation to promulgate reasonable restrictions on signage, marketing, display, and advertising.

6. What issue(s) does the recommendation resolve?

This recommendation resolves issues around advertising, especially focusing on prohibition of advertising that would appeal to minors.

7. Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.

Dissent to Retail Establishments Working Group Signage, Marketing and Advertising recommendation:

The members of the Consumer Safety, Education, and Health Working Group and Jennifer Delett-Snyder dissents on the proposed recommendation, as the language does not support Guiding Principle 1 – to promote the health, safety, and well-being of Nevada's communities. The key public health rationale for regulating advertising and marketing is to limit exposure to marijuana products among minors. The Consumer Safety, Education, and Health Working Group proposes that Nevada consider some of the same types of marketing and advertising limitations that have been effectively placed on tobacco and alcohol products to prevent youth initiation and use.

The Law Enforcement Working Group recommendation titled "Preventing Distribution to Minors" has been approved by the Governor's Task Force and the Consumer Safety, Education, and Health Working Group supports the following language provided in that recommendation, with the elimination of the word suggest and examples.

Create policy to reduce or prevent certain advertising of recreational marijuana that would be appealing to minors.

(1) ~~Suggest imposing~~ Impose the same restrictions that have been placed on the tobacco industry.

(a) Time, Place and Manner Restrictions

1. The state and local governments can impose specific bans or restrictions on the time, place, and manner of advertising.

~~(b) Examples~~

1. Ban outdoor advertising within 1,000 feet of schools and playgrounds.
2. Require the Department to approve advertising at sports and entertainment events that are not restricted to persons 21 or older.
3. Ban free giveaways of any non-marijuana items without the purchase of a product or in exchange for coupons or proof of purchase of marijuana.
4. Require the Department to approve any outdoor and all point-of-sale marijuana advertising except in adult-only facilities.
5. Ban advertising in publications with significant youth readership.
6. Require the Department to approve audio-visual advertising (e.g., at point of purchase), except in adult-only facilities (no music, images or moving images).
7. Place restrictions on recreational marijuana advertising limiting the use of symbols and words that are appealing to minors.
8. Limit television and internet advertising to times only when there is limited youth viewership

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

The Department will need to promulgate regulations pertaining to the retail marijuana program, as mandated by IP1.

9. Additional information (cost of implementation, priority according to the recommendations, etc.).

Not known.

Literature Shared with the Patient/Consumer

1. **Working group name:**

   Retail Establishments

2. **Individual sponsor(s):**

   Riana Durrett, Executive Director, Nevada Dispensary Association
   Andrew Jolley, Dispensary Owner, The Source
   Members of the Consumer Safety/Education/Health working group contributed to this effort, including J. Packham, L. Lang and J. DiMuro.

3. **Describe the recommendation:**

   The Operations- Retail Establishment working group recommends that the Department of Taxation require that upon each purchase in a retail establishment or dual license establishment, the establishment make available to the customer a leaflet with two warnings:

   Information regarding dosage limits/suggestions.

   The leaflet should advise the purchaser that one recommended serving size for edibless is 5mg or less. The leaflet should advise "start low, go slow" and explain that the consumer should start with a single serving and wait one to two hours prior to consuming a second serving in order to gauge impairment.

   Warnings that consumption is only allowed by those that are 21 and over or with a medical marijuana card

   The leaflet should include warnings that consumption is only allowed by those that are 21 and over and that marijuana must be kept out of the access of children.

   The Retail Establishment group also recommends that warnings be included on this suggested literature and/or be posted on signage in the retail stores. The warnings required would include the warning in the medical marijuana program (NAC 453A.512 (3)), which are the first six, and the following:

   Existing Warnings

   1. *There may be health risks associated with consumption of this product.*
   2. *This product contains or is infused with marijuana or active compounds of marijuana.*
   3. *Should not be used by women who are pregnant or breast feeding.*
   4. *Keep out of the reach of children.*
   5. *Products containing marijuana can impair concentration, coordination and judgment. Do not operate a vehicle or machinery under the influence of this drug.*

6. *Caution: When eaten or swallowed, the intoxicating effects of this drug may be delayed by 2 or more hours.*

New Warnings

7. *Use of marijuana may be habit-forming*
8. *The use of cannabis is illegal under federal law*
9. *Blood levels of THC widely vary on an individual basis and body fluid testing may result in quantities that exceed the DUI limitations.*
10. *Combining marijuana with alcohol intensifies the effect of both*

The group recommends that these warnings be consolidated in order to prevent the dilution of the messages.

The above sponsors further recommend that Nevada should follow Colorado's model of providing guidance to marijuana retailers relating to consumer education. For example Colorado provides a tool kit for retailers, which can be viewed on the following website: http://goodtoknowcolorado.com/retailers.

4. Which guiding principle(s) does this recommendation support?

Guiding Principle 2 - To be responsive to the needs and issues of consumers, non-consumers, local governments, and the industry.

5. What provision(s) of Question 2 does this recommendation apply to?

This recommendation applies to Section 5 of Question Two, which requires the Department of Taxation to issue regulations that would assist in preventing diversion of marijuana to those under 21 years of age.

6. What issue(s) does the recommendation resolve?

This recommendation aims to resolve issues relating to public education. Colorado regulators and legislators have advised that consumers and the public must be educated on the usage of edibles and the need to keep marijuana locked up, out of the access of children. Colorado regulators and legislators have lamented at the fact that Colorado did not implement this public education from the outset of legalization.

7. Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.

No dissent.

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

The Department will need to promulgate regulations pertaining to the retail marijuana program, as mandated by IP1.

9. Additional information (cost of implementation, priority according to the recommendations, Etc.).

Several bills currently being heard in the Nevada Legislature would provide funding for public health and public education relating to marijuana use. In particular, the Department of Public and Behavioral Health has asked for funding to administer an education campaign, which could include the leaflets described above as well as the retail kit provided under Colorado's Good to Know campaign. Funding of the education program would promote uniformity in the administration of such a campaign.

Education and Research

Education

1. **Working group name:**

   Consumer Safety/ Education/ Health Working Group

2. **Individual sponsor(s):**

   Linda Lang, Nevada Statewide Coalition Partnership
   John Packham, Director of Health Policy Research, UNR School of Medicine
   Jen Solas, Wellness Education, Cannabis Advocates of Nevada
   Michelle Berry, Center for the Application of Substance Abuse Technologies (CASAT)

3. **Describe the recommendation:**

   INTRODUCTION

   This recommendation is proposed to develop, support, and fund education and training to the citizens of Nevada specific to recreational marijuana and its impacts. Safety and education campaigns should be informed by the experience of other states that have developed effective messages on the safe, legal, and responsible use of recreational marijuana. Additionally, Nevada should use best practices from other states when developing messaging and establishing an unbiased, fact-based website such as Colorado's Department of Public Health & Environment website and Colorado's Good to Know campaign.

   This recommendation will also support the collection of baseline data to determine impacts on the emerging issues associated with the legalization of recreational marijuana and support research and/or monitor emerging science.

   This recommendation will provide support for ongoing involvement from members of the current working groups to address and stay informed on issues as they arise from passage of legislation and initial implementation.

   Lastly, funding and staffing of the below education and training campaigns should be supported by the taxation of recreational marijuana, as determined by the 2017 legislative session, and the distribution of revenue should commensurate with the goal of protecting the health, safety, and well being of all Nevadans and visitors to the state.

   PUBLIC AT LARGE EDUCATION

   - *Educating the public about the health effects and risks of marijuana based on an ongoing assessment of scientific research on marijuana use on human health and the dissemination of current evidence on*

health effects and risks via mass-reach communications, targeted education and outreach, and culturally and linguistically appropriate messages and materials.

- *Educating the public about the provisions of Question 2 and the legal use of marijuana in Nevada, including knowledge of legal restrictions on the public consumption of marijuana, smoke-free policies in Nevada, the diversion of marijuana products to children and youth under the age of 21, and marijuana-impaired driving.*
- *Ongoing evaluation and assessment of the public awareness campaign on increasing accurate knowledge on the health impacts and risks of marijuana use, legal aspects of marijuana use in Nevada, and the safe and responsible use of marijuana; and the ongoing incorporation of lessons learned (what works and does not work) into future public awareness messaging and strategy.*
- *The statewide public awareness campaign should also be informed by effective public awareness strategies currently used in alcohol and tobacco prevention and control – in particular, science-based, experience-informed communication strategies for preventing underage initiation and use of alcohol and tobacco products.*
- *The statewide public awareness campaign should include mass-reach health communications directed at the general public, targeted health communications strategies (e.g., school-based education, age-appropriate messaging), and culturally and linguistically appropriate messaging and materials.*

CONSUMER EDUCATION

- *Educating consumers and potential consumers about health and safety concerns associated with eating or smoking marijuana products, including but not limited to dosage and THC content, safe storage practices, and combining marijuana use with other substances such as alcohol.*
- *Education on home cultivation standards and the lack of testing of contaminants or pathogens, proximity and remuneration requirements.*
- *Ensuring consistency between campaign education and messaging and industry marketing and advertising – particularly, statements or claims on health and safety risks of marijuana use inconsistent with current science and research.*
- *Ongoing evaluation and assessment of the consumer education campaign on increasing accurate knowledge on the health impacts and risks of marijuana use, legal aspects of marijuana use in Nevada, and the safe and responsible use of marijuana; and the ongoing incorporation of lessons learned (what works and does not work) into future consumer education messaging and strategy.*
- *Support the Retailer Working Group recommendation of requiring establishments to distribute information at the time of sale specific to recommended serving size and recommended dosage limits (start low, go slow).*

VISITOR EDUCATION

- *Educating tourists and business/family related visitors on the health and safety concerns associated with eating or smoking marijuana products, including but not limited to dosage and THC content.*
- *Create messaging around State laws, location of local of dispensaries, restrictions in marijuana use locations, penalties for marijuana use, sale, possession laws and violation consequences, marijuana testing for DUIs, and risks associated with use.*

WORKPLACE EDUCATION

- *Educating Employers/Human Resource staff of businesses including public schools K – 12 and colleges/universities administration, students of post-secondary educational institutions, government agency administrators, and employees.*
- *Messaging for employers to include marijuana "101" training - products, effects of short and long term use impairment, use trends, signs and symptoms, cost of drug use by employees and work place drug use consequences, employer challenges – identifying products with marijuana content, employees in company vehicles or wearing a business logo shirt while using or purchasing marijuana, finding applicants that can pass a drug test, employer rights – unemployment laws, Worker's Compensation Act, Zero Tolerance, drug-testing employees, "Safe and Drug Free Workplace" and drug use policy options.*
- *Messaging to employees and students to include medical marijuana use during the work day or on the job site restrictions, Nevada law – medical versus recreational and limitations related to job site and employers' rights relative to employee use of marijuana.*

HEALTH PROFESSIONAL EDUCATION

- *Health professionals need to be adequately educated on the health effects of marijuana. Minimum educational standards should be established for each "health professional," including but not limited to physicians, registered nurses and nurse practitioners, and mental and behavioral health professionals.*
- *Healthcare providers should have a minimum of 2 hours per year every other credit cycle, and others need similar educational requirements. For healthcare providers, requirements should include a differentiation between medical and recreational issues. The Chief Medical Officer can provide quarterly updates to disseminate most current guidelines and information and can work with health professional associations in Nevada on crafting continuing medical education (CME) and continuing education (CE) requirements.*
- *The CMO or DPBH should offer these credits in conjunction with the health professional associations for each provider's established requirements on prescription drugs/medications, with the alternate cycle on recreational (legal or illegal) drugs and substances (alcohol, marijuana, tobacco, others).*

OTHER PROFESSIONAL EDUCATION

- *Education to include school personnel, law enforcement, prevention specialists, treatment providers, first responders, social workers, counselors, legal professionals, mental health providers, etc.*
- *Messaging to include history and events, epidemiology of marijuana trends, marijuana laws, implications of holding a marijuana card and being impaired at the workplace, potency, effects on the brain and routes of administration.*
    - *Messaging to include facts on Nevada Law, employer's rights and referral resources when working with clients, colleagues, members of the community, and organizational staff, referral resources and short screening tools.*
    - *Include targeted messaging for key populations including Native American adolescents, Latino families, young adolescents 12-14, adolescent ages 13-15, HIV positive youth 16-24 year olds,*

incarcerated adolescent post-release, college populations, young adult women (18-24), and youth living in communities with high availability of drugs.

DISPENSARY /RETAILER EDUCATION

- *Education of establishment agents including Dispensaries, Labs, Production, Cultivation and Transportation.*
- *Model NRS 453A.370-7 for recreational marijuana, which states "establish different categories of medical marijuana establishment agent registration cards, including, without limitation, criteria for training and certification, for each of the different types of medical marijuana establishments at which such an agent may be employed or volunteer or provide labor as a medical marijuana establishment agent."*
- *Employee and Employer training program to be submitted as part of licensing agreement via a submitted syllabic meeting requirements of marijuana support license category.*
- *All education/training funded by the industry, not government.*

4. Which guiding principle(s) does this recommendation support?

Guiding Principle 1 - Promote the health, safety, and well-being of Nevada's communities

Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and industry

Guiding Principle 3 - Ensure that youth are protected from the risks associated with marijuana, including preventing the diversion of marijuana to anyone under the age of 21

5. What provision(s) of Question 2 does this recommendation apply to?

- *Section 2.d – selling or giving marijuana to persons under 21 years of age shall remain illegal*
- *Section 2.e – individuals will have to be 21 years of age or older to purchase marijuana*
- *Section 4. 1.b – knowingly delivering, giving, selling, administering, or offering to sell, administer, give, or deliver marijuana to a person under 21 years of age*
- *Section 4.2.a – a public or private employer from maintaining, enacting, and enforcing a workplace policy prohibiting or restricting actions or conduct*
- *Section 5.1.h – reasonable restrictions on signage, marketing, display, and advertising*
- *General education as needed to consumers, non-consumers, targeted professions, and targeted populations*

6. What issue(s) does the recommendation resolve?

The legalization of marijuana is likely to increase demand and usage, with effects on the general public. Citizens must have access to current and accurate information that will:

- *Allow for the protection of those under 21 years of age*
- *Protect consumers of marijuana*
- *Protect vulnerable populations*

- *Increases public knowledge and awareness*
- *Promote and protect the public health*
- *Provide for workplace safety*
- *Ensure certain professions are trained*
- *Discourage impaired driving*
- *Protect non-consumers and those that choose to not be exposed to marijuana smoke or edibles*
- *Further define complexities of Nevada state law*

7. Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.

No dissent

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

In consideration of the likelihood of retail sales of recreational marijuana commencing on July 1, 2017 and the fact that the Governor's current budget for the next biennium provides no specific or dedicated funding for any of the consumer education/health/safety recommendations detailed in our recommendations, state policymakers and the current legislature must immediately consider a funding mechanism for the education and outreach to the public, consumers, and visitors of Nevada that must also commence on or before July 1, 2017.

9. Additional information (cost of implementation, priority according to the recommendations, etc.).

Costs for this recommendation will be in the following areas:

A. Media campaigns – Local and state agencies will partner with various media outlets to maximize exposure to the public regarding marijuana.

B. Education and training – Training for all the various groups in this recommendation will require funding and planning for consistency across all groups.

C. Development of statewide website – Development and ongoing maintenance of a statewide website will require staffing and funding allocation. Integration must also occur with all messaging recommendations from other Working Groups.

D. Employer Business Costs - Random or required drug testing for businesses, cost of trainers to explain the rights and responsibilities of employers and employees under Nevada law.

In Section 16 of Question 2, it states that any tax revenues, fees or penalties collected pursuant to section 1 to 18, inclusive, of this act, first must be expended to pay the costs of the Department and of each locality in carrying out section 1 to 8, inclusive, of this act and the regulations adopted pursuant thereto. The recommendation is that revenues and fees be applied to the educational recommendations as proposed to develop, support, and fund education and training to the citizens of Nevada specific to recreational marijuana and its impacts.

Research

1. **Working group name:**

   Consumer Safety/Education/Health Working Group

2. **Individual sponsor(s):**

   John Packham, Director of Health Policy Research
   John DiMuro, Chief Medical Officer, Nevada Division of Public and Behavioral Health
   Linda Lang, Nevada Statewide Coalition Partnership

3. **Describe the recommendation:**

   It is recommended that the State of Nevada establish and fund a program of research to evaluate and assess the immediate and long-term impact of Ballot Question 2 on marijuana use and public health in Nevada.

   This program of research and data collection should include:
   (1) clinical and observational research,
   (2) health policy and health economics research, and
   (3) public health and public safety research undertaken by university-based researchers and policy analysts at UNR, UNLV, other institutions of higher education in Nevada, and policy analysts at the State of Nevada in accordance with final recommendations for marijuana research contained in the National Academies of Sciences, Engineering, and Medicine's consensus report, The Health Effects of Cannabis and Cannabinoids: The Current State of Evidence and Recommendations for Research (2017).

   The recommended Nevada program of research on marijuana and health should include or facilitate:

   - *Establishment of baseline metrics and data on patterns of marijuana use and health impacts in youth and adult populations following legalization of recreational marijuana, and the identification of subgroups at high risk for physiological and psychological damage in relation to patterns of use and doses of marijuana;*
   - *To the extent that potential health hazards are identified, evidence-based policy research findings should be utilized to address possible safeguards and precautions to protect consumers and at-risk populations;*
   - *Establishment of ongoing, longitudinal research and data collection that monitors of patterns of marijuana use and their health impacts for youth, adult, and at-risk populations;*
   - *Establishment of ongoing research and data collection that monitors of patterns of health care utilization and treatment costs associated with changes in marijuana consumption;*
   - *Establishment of annual reporting requirements of data collection and research findings to inform policy development for local and state agencies and authorities charged with promoting and protecting the public's health;*

- *Use of Nevada-cultivated marijuana for research on the therapeutic effects and other health effects of marijuana on human health and well-being;*
- *Establishment of a medical database for workers in the marijuana cultivation industry to ensure occupational health and safety, including baseline medical testing; and*
- *Funding and staffing commensurate with the establishment and operation of an effective research program on marijuana and health needed to monitor and assure public health and safety following marijuana legalization in Nevada.*

4. Which guiding principle(s) does this recommendation support?

Guiding Principle 1 – Promote the health, safety, and well-being of Nevada's communities.

5. What provision(s) of Question 2 does this recommendation apply to?

Question 2 does not address the need for public health monitoring and surveillance, or a mechanism for funding this type of ongoing research and evaluation.

6. What issue(s) does the recommendation resolve?

Question 2 does not establish a program or a funding mechanism for establishing baseline data or a program of research to evaluate patterns of marijuana use or the impact of marijuana use on population health in Nevada.

7. Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.

No dissent.

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

Developing an explicit dedication of retail tax revenue, since Question 2 does not provide such revenue for public health monitoring and surveillance.

9. Additional information (cost of implementation, priority according to the recommendations, etc.).

Costs may be incurred by industry if medical evaluations are mandated for workers in the cultivation sector.

Data Collection

1. **Working group name:**

   Law Enforcement Working Group

2. **Individual sponsor(s):**

   Chuck Calloway, Las Vegas Metro Police Department
   Pamela Del Porto, Inspector General, Nevada Department of Corrections
   Adam Page, Captain, Nevada Highway Patrol
   Keith Carter, Director, High Intensity Drug Trafficking Area

3. **Describe the recommendation:**

   The working group recommends development of a strategic plan for implementation of an on- going multi-jurisdictional data collection, management, extraction, comparison and reporting process in order to evaluate the impacts of recreational marijuana on public safety and health and welfare safety. This recommendation also includes, through the strategic plan, the development and processes for baseline statistical data and gap analysis for comparison with subsequent years. Accurate data collection requires a systematic across the board identification of the specific data to be retrievable, storable, and collectible for comparison and evaluation in an organized manner. This should also include a priority assessed for each type of data, based upon the priority set by the Governor's Task Force on the Implementation of Ballot Question 2.

   The following recommendations are begin submitted to support the development of not only the strategic plan, but the multi-jurisdictional needs and/or requests as well:

   1) *Identify an independent contractor to facilitate development of the initial strategic plan, its goals, objectives, analysis, to include standard processes when possible;*

   2) *Identify all private, state, local, educational, health and welfare and marijuana impacted agencies or companies to establish the stakeholders with organized meetings by the strategic plan developer and coordinator (contractor);*

   3) *Identify the data that should be collected, managed, extracted, compared and reported annually, once the base line is established;*

      (a) *If Stakeholder cannot or currently do not collect, what hurdles need to be overcome to reach a level of storage and collection;*

      (b) *What regulatory agency should collect and report annually, and to whom; and.*

(c) Identify what regulations, mandating collection, storage, retrieval and reporting needs to be put in place in order for each stakeholder to cooperate in data collection efforts.

4) *Identify what, if any, new Administrative, Civil or Statutory requirements need to be revised and/or implemented in order to assist any agency or organization with collection and management of data; and*
5) *Identify revenue, expenses, and application of funds related to the 15% excise tax fee in the annual report.*

** As an example, I will refer each reviewer to a Data Discovery and Gap Analysis report completed on behalf of the State of Colorado.*

https://www.awcnet.org/portals/0/documents/legislative/Marijuana...

DATA COLLECTION – DATA SET LIST RECOMMENDATION

Marijuana related incidents, not subject to arrest, by location, age

Marijuana related arrests, and convictions by location, age

Marijuana related traffic accidents, non-fatal, by location, age, position in vehicle

Marijuana related traffic accidents, fatal, by location, age, position in vehicle

*Marijuana related business related crimes or citations**

Comprehensive School Data, by location, age, type of incident, and who involved**

*Comprehensive Mental/Medical Health information, by location, type of incident, who involved**

*Impacts of recreational marijuana use on health**

Application and Excise fee revenue, expenditures, distribution

Impacts of recreational marijuana diversion to other states

Impacts of recreational marijuana trafficking due to legalization in surrounding states.

**Some of the Data Set were included based upon the Colorado Gap report.*

4. Which guiding principle(s) does this recommendation support?

Guiding Principle 1 - Promote the health, safety, and well-being of Nevada's communities.

Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments, and the industry.

Guiding Principle 3 - Ensure that youth are protected from the risks associated with marijuana, including preventing the diversion of marijuana to anyone under the age of 21.

Guiding Principle 4 - Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome.

Guiding Principle 5 - Begin a discussion between the State and local governments regarding the costs of carrying out Question 2.

Guiding Principle 6 - Establish regulations that are clear and practical, so that interactions between law enforcement (at the local, state and federal levels), consumers and licensees are predictable and understandable.

5. What provision(s) of Question 2 does this recommendation apply to?

1) *Data collection would apply to the number of licensed marijuana establishments and their location in the county to show compliance and the percentage of non-compliance based upon population of the county;*
2) *Data collection would apply to the imposition of civil or criminal penalties for driving under the influence of marijuana; knowingly selling or giving marijuana to a person under 21 years of age; possessing or using marijuana or marijuana paraphernalia in state correctional centers; and the other outline provisions, including possession or using marijuana on school grounds of Question 2;*
3) *Data collection would apply to the application and excise tax in order to determine the amount of money generated and in turn expended and to which area the funding supported;*
4) *Data collection would also apply to the criminal penalties for certain violation related to possession, use, sale, and cultivation of marijuana and marijuana plants.*

6. What issue(s) does the recommendation resolve?

In order to evaluate what if any impact recreational marijuana use has, data collection will have to be mandated from each of the stakeholders, once they are identified. Data collection would have to be done for all facets of the industry as well as local and state law enforcement, Juvenile Justice and education, and traffic and public safety. Data collection is used as a tool and means by which measurements and comparisons can be made to ascertain if policy(s), practice(s), and regulatory changes need to be made based upon trends

7. Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.

None

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

As part of the strategic plan and implementation, each stakeholder will have to evaluate their current availability of records, information and data compared to the developed list of data needs and then identify what changes or additions to NAC and/or NRS will have to be done. Theses may include:

NAC and/or NRS 242;
NAC and NRS 179A to ascertain if any Nevada Offense Codes will be have to be added, revised and how capture
NAC and NRS 458,
NAC and NRS 453

9. Additional information (cost of implementation, priority according to the recommendation, etc.).

Fiscal impact notes will also have to be developed, evaluated and addressed through each of the stakeholders and a priority should be applied based upon recommendations from the Governor's Task Force. As previously discussed by NHP Captain Page, a data gap has been discovered related to DUIDR because the labs currently only test until alcohol is detected and I order to fully identify if marijuana or other drugs were present to just marijuana/drugs themselves, additional testing has to be conducted.

Additionally, should the recommendation be accepted there will be a fiscal impact related to the contracting for the purpose of the strategic plan, implementation and processes for data collection, management and reporting.

Oversight and Responsible Agent Training

1. **Working group name:**

   Consumer Safety, Education and Health

2. **Individual sponsor(s):**

   Linda Lang, Director, Nevada Statewide Coalition Partnership
   Shannon Ernst, Director, Churchill County Social Services
   Jen Solas, Wellness Education Cannabis Advocates of Nevada

   With input from the Retail Working Group

3. **Describe the recommendation:**

   Currently in the medical marijuana regulations, training requirements are outlined for persons who are to be employed as agents of the establishments. Certification must be obtained within 120 days of the person beginning work or volunteering in the establishment.

   Responsible Agent Training

   For the retail marijuana industry in Nevada, which will greatly expand the work force of agents, it is suggested that the current training be built upon to ensure the health, safety and wellbeing of the consumers of the product.

   Any agent of a recreational marijuana establishment will be required to take a marijuana education course, in addition to what is currently required in NAC 453A.336 for medical marijuana establishments, in order to obtain a marijuana agent card. This course should meet the minimum standard requirements as determined by the Department, and be a minimum of 2.5 hours of training. Proof of successful completion must be submitted to the Department before an agent begins unsupervised employment.

   A responsible marijuana agent training will ensure that establishments who are in the business of marijuana understand the marijuana laws in their State and that they will distribute and sell marijuana and marijuana products responsibly. A consistent and responsible marijuana agent training program will significantly reduce the risk and liability associated with marijuana sales for the State.

   Recommended requirements and policies are based on best practices used in other states and Nevada's responsible alcohol vendor training requirements (NRS 369.600 – 369.635). The administration of this additional training will be offered through an outside vendor that has been approved by the Department or the Chief Medical Officer. This system will model the current training required by those that sell or give away alcohol.

   The additional training could include, but not be limited to, the following:

- *Clinical effects of marijuana on the human body*
- *How marijuana affects the consumer*
- *Required warning and literature*
- *Methods of identifying impairment*
- *Methods of refusing entry or sales to intoxicated persons*
    - *Verifying ID and using age verification device*
    - *Education of the use of recreational marijuana and those under 21*
    - *Understanding law enforcement's role and compliance checks*
    - *Recognition of false or altered identification*
- *Applicable state and local laws regarding marijuana*
- *Preventing unlawful consumption, open and public consumption laws*
- *Preventing use of marijuana by minors, laws and penalties*
- *How to prevent and deal with disturbances*
- *Agent responsibility and strategies for preventing diversion*

Training for Agents of Distributors

The recommendation is to add the following language into NAC 453A.336 to include agent training for the Distributors.

A facility for the distribution of edible marijuana products or marijuana-infused products shall ensure that instruction is provided to a marijuana establishment agent before that person begins to work or volunteers at the facility for the distribution of edible marijuana products or marijuana-infused products. Such instruction must include, without limitation:

(a) *The proper procedures for handling or marijuana, edible marijuana products or marijuana-infused products;*
(b) The procedures for proper transportation and storage of marijuana, edible marijuana products or marijuana infused products;
(c) Maintain the proper Nevada state driver's license for the expected loads

4. Which guiding principle(s) does this recommendation support?

Guiding Principle 1 – Promote the health, safety, and well-being of Nevada's communities

Guiding Principle 3 – Ensure that youth are protected from the risks associated with marijuana, including preventing the diversion of marijuana to anyone under the age of 21

Guiding Principle 6 – Establish regulations that are clear and practical, so that interactions between law enforcement (at the local, state and federal levels), consumers, and licensees are predictable and understandable

5. What provision(s) of Question 2 does this recommendation apply to?

Sec. 2. Preamble. In the interest of the public health and public safety, and in order to better focus state and local law enforcement resources on crimes involving violence and personal property, the People of the State of Nevada find and declare that the use of marijuana should be legal for persons 21 years of age or older, and its cultivation and sale should be regulated similar to other legal businesses.

(d) Selling or giving marijuana to persons under 21 years of age shall remain illegal;
(e) Individuals will have to be 21 years of age or older to purchase marijuana;

6. What issue(s) does the recommendation resolve?

This recommendation establishes training requirements for the recreational marijuana industry and resolves access to anyone under 21 years of age.

7. Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.

The Nevada Dispensary Association ("NDA") supports training requirements, including the current training required in the medical marijuana program and further expanding the required training to cover the areas enumerated in this recommendation. However, the NDA opposes the requirement that a third party vendor conduct the training. Currently, medical marijuana establishments are allowed to conduct their own training for their employees, which allows them to ensure the training is conducted to their standards and is tailored to each individual's job duties. This also allows them to offer training at times that work for the establishment, rather than based on the vendor's calendar.

Currently, the management teams involved in medical marijuana establishments, which will be running retail marijuana establishments, are the most knowledgeable people in the state about proper handling, testing, and administration of marijuana. There is currently no third party vendor that understands Nevada's rules, regulations, and proper handling of marijuana as well as the current operating teams in the legal marijuana market. There is no basis to assume that a vendor will provide more competent training than the establishments themselves, which have the incentive to provide top quality training as their license to conduct business is a compelling incentive to be compliant.

This recommendation should be adopted, but should be revised to remove the following language:

The administration of this additional training will be offered through an outside vendor that has been approved by the Department or the Chief Medical Officer. This system will model the current training required by those that sell or give away alcohol.

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

Regulations regarding training and personnel will need to be modified to apply to the retail establishments.

9. Additional information (cost of implementation, priority according to the recommendations, etc.).

The costs of all training will be employee or employer funded.

Federal Property and Funding

1. **Working group name:**

   Consumer Safety, Education and Health

2. **Individual sponsor(s):**

   Shannon Ernst, Director, Churchill County Social Services
   Michael Pawlak, Director, Clark County Social Services
   Kevin Schiller, Assistant County Manager, Washoe County
   Joseph Pollock, Deputy Administer for Regulatory and Planning Services

3. **Describe the recommendation:**

   Background for establishment of recommendations:

   A. The federal Controlled Substances Act (CSA) classifies marijuana as a Schedule I controlled substance and outlaws possession, cultivation, or distribution except for authorized research. Persons in violation may face criminal prosecution and property may be subject to forfeiture. Through a series of guidance memoranda, the U.S. Department of Justice indicated that it would not focus federal resources on the prosecution of marijuana use in violation of CSA if it is in compliance with state law; instead it would focus on various activities deemed particularly harmful such as the distribution of marijuana to children and driving under the influence. However, these memoranda do not decriminalize marijuana use but instead give law enforcement officials discretion as to what will receive the most attention. Establishments may wish to seek legal advice as to the extent that these memoranda shield them from federal prosecution.

   Although some states have either decriminalized possession of a specified amount of marijuana for recreational use or for medicinal purpose, federal law continues to prohibit the possession or use of any amount of marijuana. Cannabis is a Schedule I drug according to the Controlled Substances Act of 1970, which classified cannabis.

   As a result, federal law enforcement officers may technically arrest anyone for possession or use of any amount of marijuana as a violation of federal law. For example, the U.S. Park Police can arrest a person for possessing or using any marijuana on the National Mall, Rock Creek Park, or any other National Park Service land. It is also a federal crime to manufacture and cultivate illegal drugs.

   B. The Federal Drug-Free Workplace Act of 1988 requires any entity that receives federal contracts of more than $150,000 or that receives any federal grant to maintain a drug free workplace. Failure to make good faith efforts to do so disqualifies them from eligibility for federal funds.

   C. The U.S. Department of Housing and Urban Development Memorandum to the Sectary for Fair Housing and Equal Opportunity, Dated January 20, 2011, upholding Memorandum issued in 1999 by HUD concluding that any State law purposing to legalize the use of medical marijuana in public other assisted

housing would conflict with the admission and termination standards found in the Quality Housing an Work and Responsibility Act of 1998 and be subject to preemption. Federal and state nondiscrimination laws do not require PHA's and owners of other federally assisted housing to accommodate requests to current or prospective residents with disabilities to use medical marijuana. In, fact PHA's and owners may not permit the use of medical marijuana as a reasonable accommodation because;

> *1) persons who are currently using illegal drugs, including medical marijuana, are categorically disqualified from the protection under the disability definition provisions of Section 504 of the Rehabilitation Act and the Americans with Disabilities Act; and*
> *2) Such accommodations are not reasonable under the Fair Housing Act because they would constitute a fundamental alternation in the nature of PHAs to owners operations.*

PHAs and owners of federally funded property may not grant reasonable accommodations for medical marijuana use.

Based on this information, the working group proposes the following recommendations:

1. Education

i. Identify state and local governments that obtain over $150,000 in federal funding:
- *Provide education on the Federal Drug- Free Workplace Act of 1988.*
- *Encourage State and local jurisdictions to Incorporate language into grant contracts and sub-recipient agreements to maintain compliance with the federal Drug-Free Workforce Act of 1988*

ii. Identify State and local governments that obtain federal funding:
- *Provide education to federal fund pass through grantees of requirement to maintain in compliance with CSA, include language funding agreements and contracts*
- *Develop educational materials for grantees to provide to program participants on education regarding the CSA and maintain compliance in federal programming and land funded federally*

iii. Educate consumers that State law does not exempt them from federal prosecution for possessing or consuming on federal property.

iv. Create media campaigns, print campaigns, and websites to provide education of federal regulations

v. Require posting of the federal regulations at dispensaries

vi. For special events that will be held on federal property, require event coordinators to educate participants on marijuana usage

vii. Provide signage that outlines the federal law versus state law at entry and exit locations of airports, State lines and National Parks.

viii. Provide education at location and in brochures of safe disposal areas prior to leaving Nevada or entering federally owned or managed properties, i.e. state line, airports, parks, etc.

2. Representation

Representatives in Washington D.C. to pursue petitioning the Federal Government (i.e. common cause) – Nevada to work with the other western states that have legalized marijuana in a cooperative effort to petition the federal government to recognize our regulatory oversight, to work with the states to minimize the legal differences and to reduce potential regulatory confusion. – Attachment 2 – Sample letter / action

4. Which guiding principle(s) does this recommendation support?

Guiding Principle 1 - Promote the health, safety, and well-being of Nevada's communities

Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry

Guiding Principle 4 - Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome

5. What provision(s) of Question 2 does this recommendation apply to?

Section 6: "Notwithstanding any other provision of Nevada law and the law of the political subdivision of Nevada, except as otherwise provided in section 1 to 18, inclusive, in the act, it is; lawful; in this State, and must not , in this State, and must not be used as the basis for prosecution or penalty by this State or a political subdivision of this State, and must not, in this State, be a basis for seizure or forfeiture of assets for persons age 21 or older to:"

6. What issue(s) does the recommendation resolve?

i. Maintain compliance of CSA and Drug-Free Workforce Act of 1988 for federal funding awards to Nevada applicants

ii. Educates residents of Nevada and visitors to the state of CSA on use and possession of marijuana on federal land, decreasing federal convictions

7. Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.

No dissent

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

i. Adopt policies within and State and local jurisdictions to include language in grant contract or sub-grantee contracts that include federal funds or land to include language regarding

- *Drug-Free Workplace Act of 1988*
- *Controlled Substance Act of 1970 (CSA)*

9. Additional information (cost of implementation, priority according to the recommendations, etc.).

1. *Obtain funding to support education through media, print, etc.*

   i. *Current funding has been allocated from SAPTA to support education*
      - *Community Coalitions can obtain funding to support educational piece*
      - *Limited funding available currently through the National Highway Traffic Safety Fund*

   ii. *Identify additional sources to support, if funding is unallocated or restricted, for ongoing educations and law notification, example: utilize a percent of tax received from sale of cannabis to be utilized for the purpose of education to possession and consumption of residents and visiting federal properties in the State of Nevada*

2. *Cost projections for the education recommendation as follow:*

   - *Up to $500,000 Clark County*
   - *Up to $250,000 Washoe County*
   - *Up to $100,000 rural / frontier counties*

**** Per conversations revised projections are being developed by SAPTA, but not obtained at this time*

Law Enforcement

Driving Under the Influence of Drugs (DUID)

1. **Working group name:**

   Law Enforcement Working Group

2. **Individual sponsor(s):**

   Adam W. Page, Captain, Department of Public Safety, Nevada Highway Patrol
   Joshua Chaney, Deputy, Carson City Sheriff's Office
   Maggie McLetchie, McLetchie Shell LLC
   John Piro, Clark County Public Defender's Office

3. **Describe the recommendation:**

   The working group submits to the Task Force that law enforcement within Nevada is adequately prepared to enforce the laws as it pertains to driving under the influence of marijuana. The following recommendations are submitted in an effort to improve public safety through proactive measures, training, improved data collection and review of scientific findings.

   A. *Aggressive Media Campaign to educate the motoring public.*

   B. *Support Drug Recognition Expert (DRE) and Advanced Roadside Impairment Driving Enforcement (ARIDE) training for law enforcement by increasing the number of instructors and classes.*

   C. *Improve data collection through increased drug screening during forensic testing of blood.*

   D. *As research and data are collected, ensure that Nevada's per se limits are consistent with scientific findings.*

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 1 - Promote the health, safety, and well-being of Nevada's communities

   Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry

   Guiding Principe 3 - Ensure that youth are protected from the risks associated with marijuana, including preventing the diversion of marijuana to anyone under the age of 21

Guiding Principle 5 - Begin a discussion between the State and local governments regarding the costs of carrying out Question 2
Guiding Principle 6 - Establish regulations that are clear and practical, so that interactions between law enforcement (at the local, state, and federal levels), consumers, and licensees are predictable and understandable.

5. What provision(s) of Question 2 does this recommendation apply to?

Section (4) Limitations: Section 1 to Section 18 do not permit any person to engage in and do not prevent the imposition of any civil, criminal, or other penalty for:

a. Driving, operating, or being in actual physical control of a vehicle, aircraft, or vessel under power or sail while under the influence of marijuana or while impaired by marijuana.

6. What issue(s) does the recommendation resolve?

A. An aggressive media campaign will be a proactive measure to educate the motoring public on how marijuana impairs a person's ability to operative a moving vehicle. Additionally, the campaign should notify the public that driving under the influence of marijuana will be treated with the same legal consequences as DUI alcohol. This public message will allow responsible marijuana users to make appropriate decisions and keep Nevada roadways safe.

B. In order to remove impaired drivers from the roadway, law enforcement officers must have the training to detect levels of impairment. DRE and ARIDE training will improve a law enforcement officer's ability to detect such impairment. Currently there are only 109 DREs in Nevada. Increasing this number will not only improve the amount of experts in the field of drug detection, but it will increase the number of those trained in ARIDE since the curriculum is taught by DREs.

C. Increased screening and data collection during forensic testing of blood will allow Nevada to track and examine the number of impaired drivers that are under the influence of marijuana. Current forensic practices do not test for drugs when alcohol is detected at a certain level. Therefore, there is a gap in data to establish if the impaired driver was also under the influence of a controlled substance. Allowing for a more accurate data source will help shape future policy as it pertains to DUI enforcement.

D. As research and data are collected, ensure that Nevada's DUID laws are consistent with scientific findings.

7. Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.

The group dissented only on recommendation D: As research and data are collected, ensure that Nevada's per se limits are consistent with the findings. Ms. McLetchie and Mr. Piro proposed this recommendation to the group. Deputy Chaney and Captain Page were reluctant to submit this recommendation as the group lacked any evidence to suggest that the current per se limits are not appropriate. As a compromise,

the group agreed to submit this recommendation in a manner that would encourage review of the per se limits if scientific findings dictated such.

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

A. *Media campaign – Local and State law enforcement agencies will partner with various media outlets to maximize exposure to the motoring public regarding the detriment of driving impaired and the legal consequences. There will be no changes to statute, policy, or regulations.*
B. *DRE and ARIDE training – Nevada has a sufficient pool of instructors to increase the number of law enforcement personnel trained in both DRE and ARIDE. Law enforcement agencies should encourage their officers, especially those routinely exposed to traffic and general patrol activities, to become proficient in detecting impairment. There will be no changes to statute, policy, or regulations.*
C. *Data collection – A policy change will be required at the forensic laboratories to ensure that blood samples are tested for narcotics in all cases where drug impairment is suspected. The policy changes would be internal. No statute or regulation change would be required.*
D. *Reviewing scientific data regarding per se limits – There are no changes to statute, policy, or regulations at this time for this recommendation. However, as future scientific data is released a request for a statutory change to either increase or decrease the per se limits may be submitted.*

9. Additional information (cost of implementation, priority according to the recommendations, etc.).

A. *An aggressive media campaign will undoubtedly have costs. However, there are funding sources that will aid with this expense. The work group was able to contact members of the Department of Public Safety, Office of Traffic Safety who were very supportive in helping raise community awareness regarding the dangers and legal consequences of driving while impaired. In fact, they have already shown their support on a recent public service announcement, "Drive High, Get a DUI."*
B. *DRE and ARIDE training will have internal costs for the individual law enforcement agencies in terms of training time. It is recommended that training budgets for each agency include allotment for DRE and ARIDE training with the understanding that local and state government should be encouraged to support this training request.*
C. *Changes to the data collection at the forensic laboratories will have the most significant fiscal impact of the four recommendations. Nevada currently maintains two laboratories which conduct the bulk of lab testing in Nevada: the Las Vegas Metropolitan Police Department (LVMPD) and the Washoe County Sheriff's Office (WCSO). Both laboratories were asked by this working group to provide a cost analysis to place blood samples through a drug panel screen where drug impairment was suspected. WCSO reports a cost analysis of approximately $500,000 per year and LVMPD indicates that such a request would cost $160,000 annually for their lab. This includes the cost of additional forensic scientists and all consumables required for testing.*
D. *Reviewing the scientific data regarding per se limits should have little or no financial impact.*

Statutory Changes

1. **Working group name:**

   Law Enforcement Working Group

2. **Individual sponsor(s):**

   Adam W. Page, Captain, Department of Public Safety, Nevada Highway Patrol
   Todd Raybuck, Captain, Las Vegas Metropolitan Police Department
   Tina Talim, Deputy District Attorney, Clark County District Attorney's Office
   Orestes Guerra, Captain, City of Henderson Police Department
   William Flinn, Deputy District Attorney, Clark County District Attorney's Office
   John Piro, Clark County Public Defender's Office

3. **Describe the recommendation:**

   On March 21, 2017, a recommendation was made to the Law Enforcement Work Group to review four specific statutes to determine if modification was appropriate. After a thorough review and discussion, the review team is satisfied that three of the four statutes are appropriate as they stand. We therefore are only recommending one statutorily change for consideration. Specifically, the addition of subsection c under 453.411:

   NRS 453.411 Unlawful use of controlled substance; penalties.

   1. *It is unlawful for a person knowingly to use or be under the influence of a controlled substance except in accordance with a lawfully issued prescription.*

   2. *It is unlawful for a person knowingly to use or be under the influence of a controlled substance except when administered to the person at a rehabilitation clinic established or licensed by the Division of Public and Behavioral Health of the Department, or a hospital certified by the Department.*

   3. *Unless a greater penalty is provided in NRS 212.160, a person who violates this section shall be punished:*

      (a) if the controlled substance is listed in schedule I, II, III or IV, for a category E felony as provided in NRS 193.130.

      (b) If the controlled substance is listed in schedule V, for a gross misdemeanor by imprisonment in the county jail for not more than 364 days, and may be further punished by a fine of not more than $1,000.

(c) For persons under 21 years of age, if the controlled substance is marijuana, for a misdemeanor.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 3 - Ensure that youth are protected from the risks associated with marijuana, including preventing the diversion of marijuana to anyone under the age of 21.

5. **What provision(s) of Question 2 does this recommendation apply to?**

   Under current law, a person under the age of 21 who is determined to be under the influence of marijuana is guilty of a Category E Felony. Question 2 does not reduce the penalty. The work group submits that keeping current statute is not in line with the people's proclamation as the following laws are classified as misdemeanors for persons under 21 years of age:

   - *Possession of Marijuana, Less Than One Ounce (NRS 453.336)*
   - *Driving Under the Influence of Marijuana (NRS 484C.110)*
   - *Minor in Consumption of Alcohol (NRS 202.020)*

6. **What issue(s) does the recommendation resolve?**

   This recommendation will resolve the inconsistency in criminal penalties when a person under 21 years of age is determine to be under the influence of marijuana.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   No dissent

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   A request to amend Nevada Revised Statute 453.411 will need to be submitted and approved by the Nevada Legislature.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   There will be no costs associated with this recommendation

Marijuana in Correctional Facilities

1. **Working group name:**

   Law Enforcement Working Group

2. **Individual sponsor(s):**

   Pamela Del Porto, Inspector General/PREA Coordinator, NDOC
   Mike Allen, Sheriff, Humboldt County

3. **Describe the recommendation:**

   This recommendation seeks to continue the prohibition of possession of marijuana or marijuana products and other controlled substances by a prisoner confined in an institution of the Department of Corrections under NRS 212.160, Subsection 3.

   This recommendation also seeks to clarify that in accordance with NRS 208.075, wherein a "Prison" is defined as meaning any place designated by law for the keeping of persons held in custody under process of law, or under lawful arrest, and NRS 208.085, wherein a "Prisoner" includes any person held in custody under process of law, or under lawful arrest, that NRS 212.160 Subsection 3 also applies to any local, county or city jail or detention center.

   Additionally, this recommendation seeks to adopt a provision to NRS 212.160 Subsection 3 (a), adding language that possession of marijuana paraphernalia by a person in correctional centers is prohibited by law. This provision should also apply to any local, county or city jail or detention center.

   This recommendation seeks to amend the language of NRS 212.160, Subsection 1 (a) in order to clearly articulate and apply the statutory authority to "Prisoners" held in custody under process of law, or under lawful arrest in local, city or county jails or detention centers.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 1 – Promote the health, safety and well-being of Nevada's communities.

   Guiding Principle 2 – Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry.

   Guiding Principle 4 – Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome.

   Guiding Principle 6 – Establish regulations that are clear and practical, so that interactions between law enforcement (at the local, state and federal levels), consumers, and licensees are predictable and understandable.

5. **What provision(s) of Question 2 does this recommendation apply to?**

   This recommendation applies to Question 2, Section 4, Subsection (c);
   Possession or use of marijuana or marijuana paraphernalia on the grounds of or within any facility or institution under the jurisdiction of the Nevada Department of Corrections.

6. **What issue(s) does the recommendation resolve?**

   This recommendation will serve to continue to prohibit the use of controlled substance by a confined person in a state correctional facility. It will also provide a prohibition for possession of marijuana paraphernalia by a confined person in a state correctional facility. Additionally though, it will provide for an opportunity to apply the prohibitions, outlined above, to any person who is lawfully confined in any city, local, county jail or detention center.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   No dissent

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   This recommendation will require Legislative approval for amendment to existing statutory authority.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   To be determined, but no fiscal impact predicted.

Open Container and Personal Transport

1. **Working group name:**

   Law Enforcement Working Group

2. **Individual sponsor(s):**

   Josh Chaney, Deputy, Carson City Sheriff's Office
   Pam Del Porto, Inspector General, Nevada Department of Corrections

3. **Describe the recommendation:**

   The working group urges the Legislature to enact a law regarding constructive possession of narcotics paraphernalia while operating a motor vehicle, similar to what is currently in statute for open container of alcohol in a motor vehicle.

   The following language change is suggested to be added to the existing Nevada Revised Statute (NRS) for Open Container/Personal Transportation:

   NRS 484B.150 Drinking alcoholic beverage while driving motor vehicle unlawful; open container of alcoholic beverage; additional penalty for violation committed in work zone or pedestrian safety zone.

   1. It is unlawful for a person to drink an alcoholic beverage or ingest marijuana, concentrated cannabis, edibles or THC infused drinks while the person is driving or in actual physical control of a motor vehicle upon a highway or where the public has access.
   2. Except as otherwise provided in this subsection, it is unlawful for a person to have an open container of an alcoholic beverage, drug paraphernalia, concentrated cannabis, edibles or THC infused drinks within the passenger area of a motor vehicle while the motor vehicle is upon a highway. This subsection does not apply to:

   (a) The passenger area of a motor vehicle which is designed, maintained or used primarily for the transportation of persons for compensation; or

   (b) The living quarters of a house coach or house trailer,

   Ê but does apply to the driver of such a motor vehicle who is in possession or control of an open container of an alcoholic beverage.

   3. A person who violates any provision of this section may be subject to any additional penalty set forth in NRS 484B.130 or 484B.135.

   4. As used in this section:

   (a) "Alcoholic beverage" has the meaning ascribed to it in NRS 202.015.

   (b) "Open container" means a container which has been opened or the seal of which has been broken.

   (c) "Passenger area" means that area of a vehicle which is designed for the seating of the driver or a passenger.

(d.) "Drug Paraphernalia" has the meaning ascribed to it in NRS 453.554

(Added to NRS by 1971, 315; A 1991, 838; 2003, 3246; 2013, 542; 2015, 1561) — (Substituted in revision for NRS 484.448)

4. Which guiding principle(s) does this recommendation support?

Guiding Principle 1 - Promote the health, safety, and well-being of Nevada's communities

Guiding Principle 3 - Ensure that youth are protected from the risks associated with marijuana, including preventing the diversion of marijuana to anyone under the age of 21

Guiding Principle 4 – Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome.

Guiding Principle 6 - Establish regulations that are clear and practical, so that interactions between law enforcement (at the local, state, and federal levels), consumers, and licensees are predictable and understandable.

5. What provision(s) of Question 2 does this recommendation apply to?

Section (4) Limitations: Section 1 to Section 18 do not permit any person to engage in and do not prevent the imposition of any civil, criminal, or other penalty for:

a. Driving, operating, or being in actual physical control of a vehicle, aircraft, or vessel under power or sail while under the influence of marijuana or while impaired by marijuana.
b. Undertaking any task under the influence of marijuana that constitutes negligence or professional malpractice.

6. What issue(s) does the recommendation resolve?

This recommendation will resolve the issue of personal transportation of paraphernalia; cannabis infused items, edibles, as well as marijuana.

7. Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.

No Dissent

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

An update of the existing NRS would be needed to reflect the changes in the statute for NRS 484B.150 regarding open container in a motor vehicle.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

Little to no cost

Request for Evidentiary Testing

1. **Working group name:**

   Law Enforcement Working Group

2. **Individual sponsor(s):**

   Josh Chaney, Deputy, Carson City Sheriff's Office
   Brian Sooudi, Assistant City Attorney, City of Reno

3. **Describe the recommendation:**

   The working group submits to the Task Force that law enforcement within Nevada is adequately prepared to enforce the laws as it pertains to driving under the influence of marijuana. One area of concern for Law Enforcement across the state is there is no standardized form, as was in the past, for request for Voluntary Testing for Evidence, Blood or Urine.

   NRS 484C.160 was changed by the Nevada Legislature in 2015 to conform with the U.S. Supreme Court ruling in Missouri v. McNelly (2013) which did away with Nevada's implied Consent law and required law enforcement to obtain a warrant for a person that refused to submit to a breath or blood test. NRS 484C.160 currently reads as follows (There is pending legislation for 2017 removing marijuana from a controlled substance and making marijuana its own category like intoxicating liquor.):

   NRS 484C.160 Implied consent to evidentiary test; exemption from blood test; choice of test; when blood test may be requested; when other tests may be used; reasonable force authorized to obtain test in certain circumstances; notification of parent or guardian of minor requested to submit to test.

   1. Except as otherwise provided in subsections 4 and 5, any person who drives or is in actual physical control of a vehicle on a highway or on premises to which the public has access shall be deemed to have given his or her consent to an evidentiary test of his or her blood, urine, breath or other bodily substance to determine the concentration of alcohol in his or her blood or breath or to determine whether a controlled substance, chemical, poison, organic solvent or another prohibited substance is present, if such a test is administered at the request of a police officer having reasonable grounds to believe that the person to be tested was:

   (a) Driving or in actual physical control of a vehicle while under the influence of intoxicating liquor or a controlled substance or with a prohibited substance in his or her blood or urine; or

   (b) Engaging in any other conduct prohibited by NRS 484C.110, 484C.120, 484C.130 or 484C.430.

   2. A police officer who requests that a person submit to a test pursuant to subsection 1 shall inform the person that his or her license, permit or privilege to drive will be revoked if he or she fails to submit to the test.

   3. If the person to be tested pursuant to subsection 1 is dead or unconscious, the officer shall direct that samples of blood from the person to be tested.

4. Any person who is afflicted with hemophilia or with a heart condition requiring the use of an anticoagulant as determined by a physician is exempt from any blood test which may be required pursuant to this section but must, when appropriate pursuant to the provisions of this section, be required to submit to a breath or urine test.

5. If the concentration of alcohol in the blood or breath of the person to be tested is in issue:

(a) Except as otherwise provided in this section, the person may refuse to submit to a blood test if means are reasonably available to perform a breath test.

(b) The person may request a blood test, but if means are reasonably available to perform a breath test when the blood test is requested, and the person is subsequently convicted, the person must pay for the cost of the blood test, including the fees and expenses of witnesses whose testimony in court or an administrative hearing is necessary because of the use of the blood test. The expenses of such a witness may be assessed at an hourly rate of not less than:

(1) Fifty dollars for travel to and from the place of the proceeding; and

(2) One hundred dollars for giving or waiting to give testimony.

(c) Except as otherwise provided in NRS 484C.200, not more than three samples of the person's blood or breath may be taken during the 5-hour period immediately following the time of the initial arrest.

6. If the presence of a controlled substance, chemical, poison, organic solvent or another prohibited substance in the blood or urine of the person is in issue, the officer may request that the person submit to a blood or urine test, or both.

7. Except as otherwise provided in subsections 4 and 6, a police officer shall not request that a person submit to a urine test.

8. If a person to be tested fails to submit to a required test as requested by a police officer pursuant to this section and the officer has reasonable grounds to believe that the person to be tested was:

(a) Driving or in actual physical control of a vehicle while under the influence of intoxicating liquor or a controlled substance or with a prohibited substance in his or her blood or urine; or

(b) Engaging in any other conduct prohibited by NRS 484C.110, 484C.120, 484C.130 or 484C.430, the officer may apply for a warrant or court order directing that reasonable force be used to the extent necessary to obtain samples of blood from the person to be tested.

9. If a person who is less than 18 years of age is requested to submit to an evidentiary test pursuant to this section, the officer shall, before testing the person, make a reasonable attempt to notify the parent, guardian or custodian of the person, if known.

This working group proposes the following language be implemented statewide:

"I have reasonable grounds to believe you were driving or in actual physical control of a motor vehicle while under the influence of alcohol and/or Marijuana and/or controlled substances. You may submit to evidentiary testing. Refusing to submit to evidentiary testing will result in a revocation of your driver's license/driving privilege by the Nevada Department of Motor Vehicles and I may apply for a search and seizure warrant for the court for evidentiary testing. If the search and seizure warrant is granted by the

court, reasonable force may be used to obtain an evidentiary test. You do not have the right to speak with an attorney prior to testing.
Will you submit to evidentiary testing?"

This reading above is currently what is being used for several agencies located within Washoe County. The term "submit" is used over the term "consent" based on the language used by the Nevada Legislature in NRS 484C.160. Additionally, the version originally had the term "consent", but through several DMV hearings the Department was not willing to revoke driver licenses because the statute calls for law enforcement to ask the person if they will submit to testing and not consent to testing.

4. Which guiding principle(s) does this recommendation support?

Guiding Principle 1 - Promote the health, safety, and well-being of Nevada's communities

Guiding Principle 5 - Begin a discussion between the State and local governments regarding the costs of carrying out Question 2

Guiding Principle 6 - Establish regulations that are clear and practical, so that interactions between law enforcement (at the local, state, and federal levels), consumers, and licensees are predictable and understandable.

5. What provision(s) of Question 2 does this recommendation apply to?

Section (4) Limitations: Section 1 to Section 18 do not permit any person to engage in and do not prevent the imposition of any civil, criminal, or other penalty for:

> *a. Driving, operating, or being in actual physical control of a vehicle, aircraft, or vessel under power or sail while under the influence of marijuana or while impaired by marijuana.*

6. What issue(s) does the recommendation resolve?

This issue will resolve standardization of forms for evidentiary testing. Right now across the state there are several variants of this, some of which are not following NRS making it a question to complete or decline a blood or breath test. There is also no language in current forms about the persons driver's license being revoked it they choose not to complete a test under NRS 484C.160, 484C.210 and 484C.220.

7. Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.

There was dissent by Deputy Public Defender John J. Piro regarding the language used in the implied consent/evidentiary testing warning. There are two specific objections to the language currently suggested. The objections are as follows:

1. *Specifically, Mr. Piro objects to the word "submit" being used in the warning instead of the word "consent." Consent is a legal term that is used to determine when a person actually voluntarily agreed*

or consented to the action being asked them by a law enforcement officer. Whereas, submit does not have the same legal parlance. Moreover, Merriam Webster defines "submit" as follows:

a. As a transitive verb: to yield to governance or authority;

b. As an intransitive verb: to yield oneself to the authority or will of another, to surrender.

In contrast, "consent" when dealing with the legal term of art means a knowing and voluntary waiver of rights given freely without force or duress. Thus, the term consent would be better suited to be placed in the warning rather than submit because consent is the actual word used by courts to determine the validity of a waiver of consent. Moreover, law enforcement officers in Las Vegas already carry cards with them that are titled "consent to search" cards.

2. A second change is requested regarding making it clear that law enforcement will have the right to get a warrant should a person refuse to consent to having their blood drawn voluntarily.

Thus, Mr. Piro suggests that the implied consent/evidentiary testing language be stated thusly:

"I have reasonable grounds to believe you were a driver or in actual physical control of a motor vehicle while under the influence of alcohol and/or Marijuana and/or controlled substances. You may consent to evidentiary testing. If your refuse to consent to the testing, I may apply for a search and seizure warrant for the court to allow evidentiary testing. If the search and seizure warrant is granted by the court, reasonable force may be used to obtain an evidentiary test. You do not have the right to speak with an attorney prior to testing. Refusing to consent to evidentiary testing will result in a revocation of your driver's license/driving privilege by the Nevada Department of Motor Vehicles.
Will you consent to evidentiary testing?"

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

A review of the language by the Attorney General's Office to ensure it is in compliance with Nevada Revised Statute (NRS)

Training all jurisdictions in the state on the new change of the request for evidentiary testing

Reprinting the DP 45 form currently in use and adding the new language to the back of the new forms as the old DP 45 forms had.

Mandate all jurisdictions in the state implement this new language in DUI investigations.

9. Additional information (cost of implementation, priority according to the recommendations, etc.).

None

Fees Associated with DUID

1. **Working group name:**

Law Enforcement Working Group

2. **Individual sponsor(s):**

Adam Page, Captain, Nevada Highway Patrol Las Vegas
Josh Chaney, Deputy, Carson City Sheriff's Office
John Piro, Public Defender

3. **Describe the recommendation:**

This working groups recommendation on fees for chemical analysis is an update to the existing NRS, 484C.510:

NRS 484C.510 Fee for chemical analysis.

1. If a defendant pleads guilty or guilty but mentally ill to, or is found guilty or guilty but mentally ill of, any violation of NRS 484C.110, 484C.120, 484C.130 or 484C.430 and a chemical analysis of his or her blood, urine, breath or other bodily substance was conducted, the court shall, in addition to any penalty provided by law, order the defendant to pay all costs associated with the chemical analysis, including all fees for the phlebotomist in the event a blood draw is performed. For a breath test, the cost shall be fixed at $60. Except as otherwise provided in this subsection, any money collected for the chemical analysis must not be deducted from, and is in addition to, any fine otherwise imposed by the court and must be:

(a) Collected from the defendant before or at the same time that the fine is collected.

(b) Stated separately in the judgment of the court or on the court's docket.

2. All money collected pursuant to subsection 1 must be paid by the clerk of the court to the county or city treasurer, as appropriate, on or before the fifth day of each month for the preceding month.

3. The treasurer shall deposit all money received by the treasurer pursuant to subsection 2 in the county or city treasury, as appropriate, for credit to the fund for forensic services created pursuant to NRS 453.575. The money must be accounted for separately within the fund.

4. Except as otherwise provided in subsection 5, each month the treasurer shall, from the money credited to the fund pursuant to subsection 3, pay any amount owed for forensic services and deposit any remaining money in the county or city general fund, as appropriate.

5. In counties that do not receive forensic services under a contract with the State, the money credited to the fund pursuant to subsection 3:

(a) Except as otherwise provided in paragraph (b), must be:

(1) Expended to pay for the chemical analyses performed within the county;

(2) Expended to purchase and maintain equipment to conduct such analyses;

(3) Expended for the training and continuing education of the employees who conduct such analyses; and

(4) Paid to law enforcement agencies which conduct such analyses to be used by those agencies in the manner provided in this subsection.

(b) May only be expended to cover the costs of chemical analyses conducted by, equipment used by or training for employees of an analytical laboratory that is approved by the Committee on Testing for Intoxication created in NRS 484C.600.

(Added to NRS by 1991, 271; A 1993, 2463; 1995, 2475; 2003, 1494; 2005, 148; 2007, 1457, 2801) — (Substituted in revision for NRS 484.3798)

4. Which guiding principle(s) does this recommendation support?

Guiding Principle 1 - Promote the health, safety, and well-being of Nevada's communities

Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry

Guiding Principle 6 - Establish regulations that are clear and practical, so that interactions between law enforcement (at the local, state, and federal levels), consumers, and licensees are predictable and understandable.

5. What provision(s) of Question 2 does this recommendation apply to?

Sec 4 (2)
(e) Undertaking any task under the influence of Marijuana that constitutes negligence or professional malpractice.

6. What issue(s) does the recommendation resolve?

This issue will resolve the cost of blood draws and allow being able to collect fines and fees from the court in accordance with the cost of Chemical tests.

7. Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.

No Dissent

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

A legislative update of NRS 484C.510 would be required.
There would be little to no cost associated with the action recommended.

Restrictions and Minimum Security Standards Regarding Firearms

1. **Working group name:**

   Law Enforcement Working Group

2. **Individual sponsor(s):**

   Joshua Chaney, Deputy, Carson City Sheriff's Office
   Pamela Del Porto, Inspector General, Nevada Department of Corrections
   Demetri Kouretas, CEO, The Grove
   Mike Allen, Sheriff, Humboldt County, Nevada Sheriff's Office

3. **Describe the recommendation:**

   This working group's recommendation on preventing the use of violence and firearms in Marijuana distribution and cultivation is consider adapting the language under NRS for dangerous weapon and where you cannot carry a firearm on the grounds of schools, public buildings, day cares and system of higher education and add Marijuana dispensaries, cultivation/manufacturing sites or retail Marijuana sites. It is our proposal to have this considered, or something similar for implementation:

   1. Except as otherwise provided in this section, a person shall not carry or possess while on the property of any Marijuana Establishment, Marijuana product manufacturing facility, marijuana cultivation facility, or retail marijuana store:

   (a) An explosive or incendiary device;
   (b) A dirk, dagger or switchblade knife;
   (c) A nunchaku or trefoil;
   (d) A blackjack or billy club or metal knuckles;
   (e) A pneumatic gun;
   (f) A pistol, revolver or other firearm; or
   (g) Any device used to mark any part of a person with paint or any other substance.

   2. Any person who violates subsection 1 is guilty of a Gross Misdemeanor
   3. This section does not prohibit the possession of a weapon listed in subsection 1 by a:
   (1) Peace Officer; or
   (2) Licensed Security Guard on duty on said location.
   (3) Owners of the Licensed Marijuana Establishment
   4. As used in this section:
   (a) Marijuana establishment, marijuana product manufacturing facility, marijuana cultivation facility, and retail marijuana store shall have the meanings ascribed to them in NRS 453D.030
   (b) Security Guard has the meaning ascribed to it in NRS 648.016
   (Added to NRS by 1989, 1210)

   (Language provided by Carson City Deputy District Attorney Melanie Brantingham)

4. **Which guiding principle(s) does this recommendation support?**

Guiding Principle 1 - Promote the health, safety, and well-being of Nevada's communities

Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry

Guiding Principle 6 - Establish regulations that are clear and practical, so that interactions between law enforcement (at the local, state, and federal levels), consumers, and licensees are predictable and understandable.

5. **What provision(s) of Question 2 does this recommendation apply to?**

Sec 4 (2)
(e) Undertaking any task under the influence of Marijuana that constitutes negligence or professional malpractice.

6. **What issue(s) does the recommendation resolve?**

This issue will resolve being able to carry firearms on the premises of a Marijuana locations, with the exemption of Law Enforcement and on duty security guards. It is still federally illegal to have firearms with controlled substances and is punishable under NRS 202.360(1)d.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

Some discussion on this working group has been that there is currently in house Security for the medical dispensaries. One concern was providing this already in place Security would have to change to an outside source causing undue fiscal impacts on the businesses. The dissent is on the verbiage of licensed security guard and the recommendation would be to allow just Security Guard on duty at said location.

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

Legislative update of NRS and regulatory language changes through the local jurisdictions will be required. Existing licensed medical marijuana establishments should be given one year to attain licensing for armed security personnel if not pursuing a recreational license.

Little to no cost would be associated with this recommendation.

Public Safety

Preventing Distribution to Minors

1. **Working group name:**

   Law Enforcement Working Group

2. **Individual sponsor(s):**

   Jill Tolles, Nevada Assembly
   Mike Allen, Sheriff, Humboldt County Sheriff's Office
   Brian Sooudi, Assistant City Attorney, City of Reno
   Riana Durrett, Executive Director, Nevada Dispensary Association

3. **Describe the recommendation:**

   i) *Adapt NRS 453 statutes regarding requirements for medical marijuana establishments pertaining to security personnel during business hours, ID check stations, video surveillance and locked access to inventory to be applied to recreational establishments.*
      (1) Require retailers to verify age for all sales by checking a photographic ID through an ID scanner to prevent or at least decrease the use of fake IDs and human error.
         (i) Require in person staff to use the same age verification scanners approved by the state that bars and business have been installing throughout the state ID to determine validity of any government issued photo identification card.
      (2) Require signage to be prominently displayed at dispensaries stating activities that are strictly prohibited and punishable by law, including but not limited to:
         (a) distribution to persons under the age of 21
         (b) possession of marijuana over 1 ounce
         (c) transportation across state lines
         (d) failure to prevent access to persons under the age of 21
      (3) *Allow only marijuana products, marijuana-related accessories, CBD products, and hemp products related to marijuana to be offered in retail marijuana stores. Prohibit the sale of traditional (non-marijuana) food, beverage, personal care items (lotions, lip balms) so there is no confusion that all products sold in an adult-use marijuana retail establishment do include marijuana and items that relate to the marijuana establishment.*
      (4) *Require retail establishments to sell lock boxes.*
      (5) Create civil penalties for (including but not limited to individual and retail establishment civil penalties and/or loss of licensure) for failing to follow proper security and ID check procedures and create provisions for law enforcement to use a 72-hour hold license when necessary to investigate suspected grave violations.
   ii) Prohibit all use of use self-service machines such as a vending machine for the purchase and dispensing of marijuana products.

iii) *Create policy to reduce or prevent certain advertising of recreational marijuana that would be appealing to minors.*

(1) *Suggest imposing the same restrictions that have been placed on the tobacco industry.*

(a) *Time, Place and Manner Restrictions*

1. *The state and local governments can impose specific bans or restrictions on the time, place, and manner of advertising.*

(b) *Examples*

1. *Ban outdoor advertising within 1,000 feet of schools and playgrounds.*
2. *Require the Department to approve advertising at sports and entertainment events that are not restricted to persons 21 or older.*
3. *Ban free giveaways of any non-marijuana items without the purchase of a product or in exchange for coupons or proof of purchase of marijuana.*
4. *Require the Department to approve any outdoor and all point-of-sale marijuana advertising except in adult-only facilities.*
5. *Ban advertising in publications with significant youth readership.*
6. *Require the Department to approve audio-visual advertising (e.g., at point of purchase), except in adult-only facilities (no music, images or moving images).*
7. *Place restrictions on recreational marijuana advertising limiting the use of symbols and words that are appealing to minors.*
8. *Limit television advertising to times only when there is limited youth viewership*

(2) *Create restrictions on edible marijuana or other similar products to reduce the likelihood of appealing to minors.*

(3) *Require edible product labels to list ingredients, cannabinoid content, Total THC content as % by weight; OR Total mg dose for activated THC or TOTAL THC.*

iv) *Create a structure for graduated civil and/or criminal penalties for:*

(1) *knowingly selling or giving marijuana to a person under 21 years of age; (NRS 453D)*

(a) A person shall not possess or consume marijuana or marijuana concentrate while on the property of the Nevada System of Higher Education, a private or public school or child care facility, or while in a vehicle of a private or public school or child care facility.

(b) *A person who is responsible for the safety or welfare of a child pursuant to NRS 432B.130 shall not permit or allow that child to possess or consume marijuana or marijuana concentrate.*

(i) *NRS 432B.130: A person is responsible for a child's welfare under the provisions of this chapter if the person is the child's parent, guardian, a stepparent with whom the child lives, an adult person continually or regularly found in the same household as the child, a public or private home, institution or facility where the child actually resides or is receiving care outside of the home for all or a portion of the day, or a person directly responsible or serving as a volunteer for or employed by such a home, institution or facility.*

(c) *Exposing a person or persons under the age of 21 to concentrated second hand smoke for the purpose of intoxication from marijuana.*

(d) *Abusing or neglecting a minor while under the influence of marijuana.*

(e) *Smoking and/or vaping marijuana in public places unless otherwise explicitly permitted by state law.*

(2) Create judicial guidelines for treatment orders for persons caught with marijuana under the age of 21.

4. Which guiding principle(s) does this recommendation support?

Guiding Principle 1 - Promote the health, safety, and well-being of Nevada's communities.

Guiding Principle 3 - Ensure the youth are protected from the risks associated with marijuana, including preventing the diversion of marijuana to anyone under the age of 21.

5. What provision(s) of Question 2 does this recommendation apply to?

"Lastly, this ballot measure would impose criminal penalties for certain violations related to the possession, use, sale, and cultivation of marijuana and marijuana plants. Criminal offenses would include violations of the marijuana cultivation laws set forth in the measure; public consumption of marijuana; a person falsely representing himself or herself to be 21 years of age or older in order to obtain marijuana; and knowingly giving marijuana to a person under 21 years of age."

6. What issue(s) does the recommendation resolve?

Prevention efforts pertaining to distribution to minors.

7. Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.

No dissent

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

Legislation required for retail establishment restrictions, civil and criminal penalty structures and judicial guidelines for treatment orders.

9. Additional information (cost of implementation, priority according to the recommendations, etc.).

To Be Determined

Preventing Diversion to Other States

1. **Working group name:**

   Law Enforcement Working Group

2. **Individual sponsor(s):**

   Adam W. Page, Captain, Department of Public Safety, Nevada Highway Patrol
   Mike Allen, Sheriff, Humboldt County
   Keith Carter, Director, High Intensity Drug Trafficking Area (HIDTA)

3. **Describe the recommendation:**

   The working group submits that the need for marijuana diversion to outside states is a critical component for three primary reasons:

   1. It is an enforcement priority for the federal government as described in the US Attorney's memorandum on Guidance Regarding Marijuana Enforcement (James M. Cole, August 29, 2013);

   2. It will take preventive measures to ensure that Nevada's legalization of recreational marijuana does not negatively impact the criminal justice system in states where it remains illegal; and

   3. To deter, detect, and apprehend drug trafficking organizations that are operating on Nevada's roadways. The following are recommendations that will support marijuana diversion to outside states:

   E. Develop public service announcements (PSA) and other signage, in and/or near dispensaries, informing marijuana consumers that travelling into other states with marijuana and other related products is unlawful.

   F. Partner with members of the travel and parcel industry in an effort to educate their patrons and foster cooperation when criminal activity is detected.

   G. Encourage and strengthen criminal interdiction efforts on interstate traffic routes.

   H. Promote the understanding that marijuana possession over a certain quantity is still a felony crime with various legal consequences. Therefore, marijuana odor coupled with other criminal indicators should remain a component in establishing probable cause to investigate criminal activity.

   I. If evidence is established that a licensed dispensary is knowingly or negligently involved in selling large amounts of marijuana to those that travel out of state, enforce both criminal and civil penalties against the dispensary.

i. Our working group would like to support any recommendation by the Operations and Retail Establishment Working Group that would aid in tracking inventory and sales with the intent to deter inappropriate distribution.

J. Monitor the impact of marijuana being transported out of state. If data suggests that Nevada's legalization of recreational marijuana is increasing marijuana related charges in neighboring states, then consider lowering trafficking level thresholds or increasing criminal penalties.

4. Which guiding principle(s) does this recommendation support?

Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry.

Guiding Principle 6 - Establish regulations that are clear and practical, so that interactions between law enforcement (at the local, state, and federal levels), consumers, and licensees are predictable and understandable.

5. What provision(s) of Question 2 does this recommendation apply to?

Section (2) Preamble: The People of the State of Nevada proclaim that marijuana should be regulated in a manner similar to alcohol so that:

c. Cultivating, manufacturing, testing, transporting, and selling marijuana will be strictly controlled through state licensing and regulation.

Section (5) Powers and Duties of the Department: 1. Not later than 12 months after the effective date of this act, the Department shall adopt all regulations necessary or convenient to carry out the provision of sections 1 to 18, inclusive, of this act. The regulations must not prohibit the operation of marijuana establishments, either expressly or through regulations that make their operation impracticable. The regulations shall include:

m. Civil penalties for the failure to comply with any regulation adopted pursuant to this section or for any violation of the provisions of section 13 of this act.

Section (5) Powers and Duties of the Department: 4. The Department may immediately suspend the license of any marijuana establishment if the marijuana establishment knowingly sells, delivers, or otherwise transfers marijuana in violation of sections 1 to 18 , inclusive, of this act or knowingly purchases marijuana from any person not licensed pursuant to sections 1 to 18, inclusive, of this act or to Chapter 453A of NRS. The Department must provide an opportunity for a hearing pursuant to the provision of NRS 233B.121 within a reasonable time from a suspension pursuant to this subsection.

6. What issue(s) does the recommendation resolve?

A. PSA and signage – Informing patrons of marijuana establishments and marijuana consumers that transporting marijuana out of state is unlawful will educate the public with the intent to deter this criminal activity.

B. Partnering with the travel and parcel industry - Educating these businesses will promote the opportunity to communicate effectively to their patrons which will, in turn, potentially reduce unlawful activity. Additionally, this will create a partnership whereas if criminal activity is detected the establishment will have a mechanism in place to report such crimes.

C. Encourage and strengthen interdiction efforts – The data collected during interdiction stops will be able to measure our efforts in promoting marijuana diversion to other states. It will also apprehend violators with a potential impact of disrupting the activities of drug trafficking organizations.

D. Marijuana odor and establishing probable cause – Colorado Supreme Court Case, People v. Zuniga (2016), establishes that the odor of marijuana is relevant to the totality of the circumstances test and can contribute to a probable cause determination. Nevada still has significant criminal penalties for unlawfully possessing large amounts of marijuana and therefore the odor of marijuana is still an element in establishing probable cause. This recommendation promotes the understanding that marijuana remains illegal and in many cases a felony outside the parameters established by Question 2.

E. Criminal and civil penalties for dispensaries – When evidence proves illegal activities by the dispensaries, the state should take action to ensure the violation of regulations identified in Question 2 will not be tolerated.

F. Monitoring impact on other states – Three states that share a border with Nevada have not legalized recreational marijuana: Idaho, Utah, and Arizona. If Nevada is not able to be successful in preventing marijuana diversion to other states, then legislation should be consider to either lower trafficking amount thresholds or increasing criminal penalties in an effort to disrupt future criminal activity.

7. Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.

None

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

A. *PSA and signage – There will be no changes to statute, policy, or regulations.*

B. *Partnering with the travel and parcel industry – It would be prudent for law enforcement agencies to network and develop relationships with such businesses in their area. However, there should be no changes to statute, policy, or regulations.*

C. *Interdiction efforts – Training and strict policy guidelines should be established to ensure interdiction efforts are being conducted properly. No statute or regulation change would be required.*

D. *Marijuana odor – There are no changes to statute, policy, or regulations at this time for this recommendation. Since the legalization of marijuana in the United States is relatively new, case law is lacking. The most relevant case, People v. Zuniga (Colorado Supreme Court, 2016) supports this recommendation.*

E. *Criminal and civil penalties for dispensaries – This recommendation does require the establishment of proper regulation and oversight. We submit that these regulations are being established by the Operations and Retail Establishment Working Group.*

F. *Monitoring data – If it is determined that Nevada's efforts for marijuana diversion to outside states is failing, stricter laws and penalties will require a statutory change.*

9. Additional information (cost of implementation, priority according to the recommendations, etc.).

The recommendations being submitted have no order of priority. The cost of implementation should be within normal operational budgets by law enforcement agencies.

Revenue for Public Safety

1. **Working group name:**

   Law Enforcement Working Group

2. **Individual sponsor(s):**

   Chuck Callaway, Las Vegas Metro Police Department
   Brian Sooudi, Assistant City Attorney, City of Reno

3. **Describe the recommendation:**

   Ballot Question 2 does not clearly designate a dedicated revenue stream for public safety. The language in section 16 reads;

   Sec. 16. Any tax revenues, fees, or penalties collected pursuant to sections 1 to 18, inclusive, of this act, first must be expended to pay the costs of the Department and of each locality in carrying out sections 1 to 18, inclusive, of this act and the regulations adopted pursuant thereto. The Department shall remit any remaining money to the State Treasurer to be deposited to the credit of the State Distributive School Account in the State General Fund.

   Other states that have legalized recreational marijuana have dedicated revenue directly towards public safety and enforcement.

   *The recommendation is that the Department of Taxation **and** each locality be required to develop a plan outlining how the revenue collected from recreational marijuana will be used to carry out sections 1 to 8, with a priority on public safety and enforcement.*

   *An **example** of how Oregon has designated their revenue is as follows:*

   Distribution of available moneys in Marijuana Account:

   (1) There is established Marijuana Account, separate and distinct from the General Fund.

   (2) At the end of each month, the Department of Taxation shall certify the amount of moneys available for distribution in the Marijuana Account and, after withholding such moneys as it may deem necessary to carry out its obligations, shall within 35 days of the month for which a distribution is made distribute the moneys as follows:

   Sections (c) and (d) refer directly to public safety;

   (c) Fifteen percent shall be transferred to the State Police Account;

(d) To assist local law enforcement in performing its duties under this Act, ten percent shall be transferred to the cities of the state in the following way...

In Nevada, areas that should be a priority for public safety funding include, but are not limited to;

(a) Training of police officers in Drug Recognition and impairment.
(b) Increased costs of calls for service/resources related to recreational marijuana enforcement.
(c) Retraining and purchase of police drug recognition K-9 animals.
(d) Jail Based programs for offenders to reduce recidivism and provide assistance for substance abuse.
(e) Purchase of new technology for marijuana enforcement such as field impairment equipment and tracking software for data collection.
(f) Additional costs to forensic laboratories for blood and saliva testing, and related equipment.
(g) Code enforcement, safety inspections, etc...
(h) Hiring of additional personnel to address the black market and illegal marijuana activity.

4. Which guiding principle(s) does this recommendation support?

Guiding Principle 1 - Promote the health, safety, and well-being of Nevada's communities.

Guiding Principle 5 - Begin a discussion between the State and local governments regarding the costs of carrying out Question 2.

5. **What provision(s) of Question 2 does this recommendation apply to**?

This recommendation applies to Section 16 of Question 2.

Any tax revenue, fees or penalties collected pursuant to section 1 to 18, inclusive, of this act, first must be expended to pay the costs of the Department of each locality in carrying out sections 1 to 18, inclusive, of this act and the regulations adopted pursuant thereto. The Department shall remit any remaining money to the State Treasurer to be deposited to the credit of the State Distributive School Account in the State General Fund.

6. What issue(s) does the recommendation resolve?

Local Law enforcement and public safety are impacted by the legalization of recreational marijuana in two ways.

First, there is a need to regulate and enforce the industry regulations and local business licensing requirements that will be enacted. While the Department of Taxation is the primary entity responsible for the enforcement of regulations, complaints, allegations of criminal conduct, and crimes directed at the industry will undoubtedly fall on local law enforcement for investigation.

Second, law enforcement must deal with crimes occurring outside of industry related to recreational marijuana. This includes increase in driving impaired by marijuana users, required training for officers, problems with home grow operations, possible increase in black market activity, public consumption, robbery and burglary of businesses, increased homelessness, change of practices and procedures for detention centers, increase on crime labs, etc...

These impacts will require additional police resources, investigators, training requirements, purchase of certain equipment. The complete scope of the impact is currently unknown.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   None at this time

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   This recommendation could be codified in law by the Nevada Legislature, outlined in the Department of Taxation regulation process, and/or directed to local government by action of the Governor's Office.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   Local government could claim a potential cost associated to the allocation of resources to develop a revenue plan for public safety.

Dispensing Machines

1. **Working Group Name:**

   Law Enforcement Working Group

2. **Individual Sponsor(s):**

   Chuck Callaway - Las Vegas Metro Police Department

3. **Describe the Recommendation:**

   This recommendation seeks to prohibit marijuana products from being dispensed from self-service vending machines.

   With the passage of Ballot Question 2, the marijuana industry will soon begin the sale of recreational marijuana products to the public. Other states that have legalized marijuana have seen an increased use of self-service vending machines. These machines utilize security features and are located inside of retail marijuana businesses, but because they are automated, there is a possibility that persons under the age of 21 could access product from them. Currently the State of Arkansas is considering a bill to outlaw serf-service vending machines to dispense marijuana products. The language in bill (HB 1991) is as follows:

   A dispensary shall not use a self-service machine such as a vending machine for the purchase and dispensing of medical marijuana.

   Restrictions currently exist on dispensing similar products from vending machines such as cigarettes and liquor. This recommendation is that the use of self-service vending machines be prohibited. Using the Arkansas language as a guide, it could read as follows:

   A marijuana establishment in the State shall not use a self-service machine such as a vending machine for the purchase and dispensing of marijuana products

4. **Which Guiding Principle(s) does this recommendation support?**

   Guiding Principle 1 – Promote the health, safety and well-being of Nevada's communities.

   Guiding Principle 3 – Ensure the youth are protected from the risks associated with marijuana, including preventing the diversion of marijuana to anyone under the age of 21.

5. **What provision(s) of Question 2 does this recommendation apply to?**

   Section 2. Preamble

(c) Cultivation, manufacturing, testing, transporting, and selling marijuana will be strictly controlled through state licensing and regulation;
(d) Selling or giving marijuana to persons under 21 years of age shall remain illegal

6. **What issue(s) does the recommendation resolve?**

   This recommendation ensures that direct sales of marijuana products are made between the customer and a retail marijuana establishment sales person. This allows the sales person to verify the identity and age of the buyer. This will assist with keeping marijuana products out of the hands of juveniles. In addition, this will allow the retail sales person to have direct contact with a consumer, answer questions, and determine if the sale is appropriate.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   No dissent was discussed during the working group meeting.

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   The Nevada Legislature would need to prohibit self-service vending machines that dispense marijuana products in statute.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   None

Banking

1. **Working group name:**

   Consumer Safety, Education and Health

2. **Individual sponsor(s):**

   Joe Hardy, Nevada Senate
   Joe Iser, Chief Health Officer, Southern Nevada Health District
   Dr. John DiMuro, Chief Medical Officer, NV Dept. of Health and Human Services

3. **Describe the recommendation:**

   The Nevada banking systems needs re-tooling or NRS implementation of banking authority for both medical and recreational marijuana. This recommendation will help to assure that the marijuana industry is competitive compared to other states, where recreational marijuana is legal to varying degrees. This will also help to undermine the black market and illegal cartel action. As Colorado moves to protect its industry by developing laws and regulations that would convert recreational marijuana vendors into medical marijuana vendors, Nevada should consider the same.

   In the State of Oregon, last year the legislature passed a bill (HB 4094) that provided financial institutions protection from criminal liability for providing financial services to registered or licensed marijuana businesses. The bill also allowed the agency to share registrant/licensee information with state banks if they requested it. While the legislation protected banks from what would have been violations of state banking law, the effect was minimal because federal banking laws largely govern these institutions. It is recommended that Nevada allow credit unions with State charters provide services to marijuana businesses in Nevada. A credit union will perform due diligence and get a lot of specifics on the business to make sure it is compliant with state laws and regulations before it accepts it as a client and continuously throughout the relationship.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 6 - Establish regulations that are clear and practical, so that interactions between law enforcement (at the local, state and federal levels), consumers, and licensees are predictable and understandable.

5. **What provision(s) of Question 2 does this recommendation apply to?**

   Section 15 Marijuana excise tax.

6. **What issue(s) does the recommendation resolve?**

A recent article in the Las Vegas Review-Journal ("Nevada's legal marijuana industry faces banking problem," April 1, 2017) discussed issues in Nevada. These include:

- *There will be an influx of cash that has no bank to utilize due to federal law.*
- *Companies cannot get loans or take debit or credit cards.*
- *Companies cannot pay taxes without using cash.*
- *Companies may not be able to get financing.*
- *There may be banking and other solutions being pioneered by other recreational marijuana states.*

7. Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.

No dissent.

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

Nevada legislative and administrative actions will be necessary to adopt the recommendation.

9. Additional information (cost of implementation, priority according to the recommendations, etc.).

Unsure, but likely nothing.

Clean Air Act

1. **Working group name:**

   Consumer Safety, Education and Health

2. **Individual sponsor(s):**

   Joe Hardy, Nevada Senate
   Joe Iser, Chief Health Officer, Southern Nevada Health District
   Dr. John DiMuro, Chief Medical Officer, NV Dept. of Health and Human Services

3. **Describe the recommendation:**

   Marijuana smoke, along with vapors and other tobacco products, needs to be included in the Nevada Clean Indoor Air Act.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 1 - Promote the health, safety, and well-being of Nevada's communities

   Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry

   Guiding Principle 3 - Ensure the youth are protected from the risks associated with marijuana, including preventing the diversion of marijuana to anyone under the age of 21

   Guiding Principle 4- Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome

   Guiding Principle 6 - Establish regulations that are clear and practical, so that interactions between law enforcement (at the local, state and federal levels), consumers, and licensees are predictable and understandable

5. **What provision(s) of Question 2 does this recommendation apply to?**

   Section 5. Powers and duties of the Department.

6. **What issue(s) does the recommendation resolve?**

   A safer and healthier indoor air in businesses and public areas.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   No dissent.

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   Open the NCIAA and add in these provisions.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   Unsure, but likely nothing.

Edible Marijuana

1. **Working group name:**

   Consumer Safety, Education and Health

2. **Individual sponsor(s):**

   Joe Hardy, Nevada Senate
   Joe Iser, Chief Health Officer, Southern Nevada Health District
   Dr. John DiMuro, Chief Medical Officer, NV Dept. of Health and Human Services

3. **Describe the recommendation:**

   All marijuana edibles need to be regulated by the proper authorities to assure a safer product for consumer consumption.

   We recommend that NRS authorize the health authorities in Nevada to regulate the production and labeling of edible marijuana products for safety of consumption. Each regulatory authority (Carson City Health and Human Services, Washoe County Health District, the Division of Public and Behavioral Health, and the Southern Nevada Health District) needs to develop and have approved regulations consistent with their current authorities and regulations related to edible marijuana. This includes both medical and recreational marijuana products.

4. **Which guiding principle(s) does this recommendation support?**

   Guiding Principle 1 - Promote the health, safety, and well-being of Nevada's communities

   Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry

   Guiding Principle 3 - Ensure the youth are protected from the risks associated with marijuana, including preventing the diversion of marijuana to anyone under the age of 21

   Guiding Principle 4 - Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome

   Guiding Principle 6 - Establish regulations that are clear and practical, so that interactions between law enforcement (at the local, state and federal levels), consumers, and licensees are predictable and understandable

5. **What provision(s) of Question 2 does this recommendation apply to?**

   Section 5. Powers and duties of the Department.

6. **What issue(s) does the recommendation resolve?**

   Health and safety of consumers.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

   No.

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

   Statute must authorize the health authorities to create regulation. Regulatory agencies should work together to assure regulations are consistent, clear, concise, and appropriate. These authorities have a history of working together on other matters and can do so again on this issue.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

   The cost of implementation is the time and cost of developing regulations and getting them approved through the regulatory authorities. There are several models of jurisdictions that have already developed regulations that the regulatory authorities in Nevada can use. These include the State of Colorado, the City of San Francisco, the County of San Mateo, and more recently, the State of California.

Health and Safety – Medical and Clinical Issues

1. **Working group name:**

   Consumer Safety, Education and Health

2. **Individual sponsor(s):**

   Dr. Joe Hardy, Nevada Senate
   Dr. Joe Iser, Chief Health Officer, Southern Nevada Health District
   Dr. John DiMuro, Chief Medical Officer, NV Dept. of Health and Human Services

3. **Describe the recommendation:**

   There are a variety of medical and clinical issues that health providers need to understand that are related to the implementation of the recreational marijuana program. In addition, the Division of Public and Behavioral Health needs to review many of these to provide programs as needed by health professionals.

   Some of these issues include the following:

   A) Treatment Programs

   Treatment programs for individuals needing substance abuse treatment will need to be assessed to ensure they will meet the needs of the State once recreational marijuana begins being sold. Marijuana, in some research, has been shown to be an effective adjunctive treatment for opioid treatment. There needs to be a routinely updated list on the internet of providers who can recommend medical marijuana and counseling, addiction specialists, and referrals to treatment programs. DPBH and the other health authorities should develop public workshops for the general public with an emphasis for the non-user.

   B) Poison Control Centers

   *Poison control centers will need to be made aware of intoxication issues and where professional expertise is available in various parts of the State. **Currently, the poison control center hotline is maintained by a private, out of state entity. It should be anticipated that the State costs for maintaining the call center will increase at least in the next year with an anticipated increase in call volume.*

   C) Routine Medical Check-ups

   Medical providers will need to consider incorporating THC levels into routine patient blood work for chronic users (this will help obtain data as well as have people begin to understand their own body's metabolism of THC).

   D) Website for Treatment and Outcomes

The State should create a website as an information repository with appropriate links to research articles and relevant links to health, treatment, and outcomes.

These are a sampling of medical and clinical issues. We recommend that the professional societies work to address these within their respective memberships and professions. Some of these are issues that CME and other professional education should consider going forward.

4. **Which guiding principle(s) does this recommendation support?**

Guiding Principle 1 - Promote the health, safety, and well-being of Nevada's communities

Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry

Guiding Principle 3 - Ensure the youth are protected from the risks associated with marijuana, including preventing the diversion of marijuana to anyone under the age of 21

5. **What provision(s) of Question 2 does this recommendation apply to**?

Section 5. Powers and duties of the Department.

6. **What issue(s) does the recommendation resolve?**

Health and safety of consumers, medical professional education for healthcare providers, issues that need to be considered for healthcare providers.

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

No dissent.

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

Not applicable.

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

There should be an anticipated increase in cost to the State due to the anticipated increase in call volume to poison control centers (as seen in Colorado). These primarily are issues that both healthcare providers and public health authorities need to consider.

Workers Compensation

1. **Working Group Name:**

Consumer Safety, Education and Health

2. **Individual Sponsor(s):**

Dr. John DiMuro, Chief Medical Officer, DHHS
With input from Nevada Attorney's for Injured Workers (NAIW)

3. **Describe the Recommendation:**

This working group recommends the following related to ensuring worker's compensation and employer/employee safety:

A. PROVIDE UPDATES TO NRS LANGUAGE REGARDING DENIAL OF INSURANCE CLAIMS FOR EMPLOYEES WORKING UNDER THE INFLUENCE OF MARIJUANA

1) Revision of current language in NRS 616C.230

Insert language to NRS 616C.230 (1) (d) as follows:

NRS 616C.230 Grounds for denial, reduction or suspension of compensation; evidence of and examination for use of alcohol or controlled substance.

1. Compensation is not payable pursuant to the provisions of chapters 616A to 616D, inclusive, or chapter 617 of NRS for an injury:

(d) That occurred while the employee was under the influence of a controlled or prohibited substance, unless the employee can prove by clear and convincing evidence that his or her being under the influence of a controlled or prohibited substance was not the proximate cause of the injury. For the purposes of this paragraph, an employee is under the influence of a controlled or prohibited substance if the employee had an amount of a controlled or prohibited substance in his or her system at the time of his or her injury that was equal to or greater than the limits set forth in subsection 3 of NRS 484C.110 and for which the employee did not have a current and lawful prescription issued in the employee's name. Every employer shall provide an employee with a copy of the employer's workers' compensation policy and a copy of the employer's drug and alcohol policy including the employer's policy on the use of medical and recreational Marijuana, thereby giving notice of the employer's policies. An employer, insurer or their third-party administrator shall not deny workers' compensation claim if the employer has not complied with forgoing notice requirement.
(e) Metabolites should be excluded as grounds for denial, and/or reduction or suspension of compensation The grounds for denial should be limited to the measurement of THC only.

NRS 616C.230 presumes that if an injured person is under the influence of a controlled-prohibited substance in the amount set forth in the DUI statute (NRS 484C.110(3)) that compensation is not payable Current statute allows a worker's compensation claim to be denied if the injured individual tests positive for certain substances, including marijuana and its metabolites. We provide these recommendations to protect both the employer and employee regarding Worker's Compensation claims which may involve Working Under the Influence (WUI).

2) Revision of current language in NRS 484.110

NRS 484C.110 Unlawful acts; affirmative defense; additional penalty for violation committed in work zone

Remove language in NRS 484C.110 (3) (h) as follows:

3. It is unlawful for any person to drive or be in actual physical control of a vehicle on a highway or on premises to which the public has access with an amount of a prohibited substance in his or her blood or urine that is equal to or greater than:
(g) Marijuana 10 2
~~(h) Marijuana metabolite 15 5~~

Metabolite is not correlated with intoxication, and metabolite of a legal substance is not significant.

Add language in NRS 484C.110 as follows:

Should the injured worker have levels below this threshold regardless of clinical symptomology, the WC carrier must cover the claim. If the injured worker has levels that meet or exceed 2ng/ml, then the WC carrier has the right to deny the claim.

We recommend that statute be consistent regarding thresholds for intoxication between traffic laws and worker's compensation laws. The same levels for DUI (blood levels =2ng/ml or as they are amended).

3) Update the expectation of the Administrator of current language in NRS 616.400

The Administrator of the Department of Industrial Relations in accordance with NRS 616A.400 shall create a standard form to be used by employer as evidence of compliance of the notice requirement proposed in the language changes to 616C.230.
NRS 616A.400 Duties of Administrator: Regulations. The Administrator shall:

1. *Prescribe by regulation the time within which adjudications and awards must be made.*
2. *Regulate forms of notices, claims and other blank forms deemed proper and advisable.*

4) Define new language of "WUI" for Working Under the Influence in statute

B. OUTLINE RESPONSIBILITIES OF WORKER'S COMPENSATION CARRIER, PRIVATE INSURANCE CARRIER, AND HEALTH CARE PROVIDER

Per NRS 616C.230, Workman's Compensation benefits may be denied, reduced or suspended on the basis of evidence of and examination for use of alcohol or controlled substances. While blood alcohol concentration is determined by several factors, primarily the amount of alcohol consumed, blood THC levels vary based upon multiple factors including primarily the route of consumption (oral vs inhaled). Blood concentrations will vary depending upon the potency of the marijuana and the manner in which the drug is smoked (or consumed). This difference in pharmacokinetics presents a dilemma for employers, employees and workman's compensation insurance carriers. Upon querying other states which have enacted marijuana legislation, this issue remains open to interpretation by the parties involved in the industrial accident including the injured worker, employer, primary health insurer and the workman's compensation insurance carrier.

Issues that remain to be resolved include the following:

- *whether WC carriers can offer a 'rider' to employers,*
- *whether primary health insurers will be mandated to cover the medical costs for those injured at work if the WC claim is denied,*
- *define how the providers will be compensated should the claim be denied.*

1) *Carriers to offer a 'rider' to employers*

   Allow Insurance companies to charge a 'rider' to those employees/employers who use marijuana. If a 'rider' is in force, the health insurer must cover the claim. If there is no 'rider', the primary health insurer can deny the claim and the injured worker is responsible for their medical care

2) *Creation of a THC Superfund or Fund of Last resort*

   We must consider those individuals who may be injured by the actions of a worker under the influence of THC. Programs such as the Crime Victims Fund are federally funded and therefore will likely not assist with needed financial support to crime victims' secondary to marijuana intoxication. This fund could be created with a 1% tax at the retail level (or TBD level) which would only tax those purchasing THC-containing products. This program would have no financial impact to the non-consumer (much like cigarettes and alcohol) and all costs to maintain the program as well as payment of claims could be made to 5% of the total fund value. Creation of such a fund could potentially financially support the injured person and keep them from entering Medicaid. This fund will obviously grow on a go-forward basis and could serve as a THC general fund in the future (if managed correctly).

3) *Create criteria for employer/employee liability for Industrial Injuries*

We must establish the criteria for which an industrial accident is considered employment-related versus employee related. This would then mandate the workman's compensation insurance carrier to cover the injured worker. However, should the clinical evaluation determine the injured worker was under the influence, the worker's compensation insurance carrier could deny the claim. The obvious objective criteria would be a blood test for THC, not metabolites.

4) Define employee's understanding of marijuana policy and implications to health insurance.

To ensure that workers understand their coverage and to further ensure that there is adequate compensation for injuries that may increase due to increased accessibility. We offer the following recommendations:

a. Create criteria around the need for a blood draw

Because blood is the most accurate way of measuring THC or other substances, we recommend establishing criteria for which the injured worker must undergo a blood draw. Because time is of the essence when testing THC levels, the standards set forth in NRS 484C.170 and 484C.180 may not suffice in this circumstance. This should be an objective criteria so as not to discriminate against any injured worker (such as by inquiring about a history of MJ use and using that information to decide whether to perform a blood draw. This could be construed as a discriminatory practice).

1. All injured workers must undergo blood draw for THC upon presentation for medical care due to injuries sustained during employment.

2. We must provide resources for those injured due to the negligence of THC-intoxicated individuals. This becomes necessary because there will likely be no federal financial support forthcoming.

5) Collaboration between Worker's Compensation and Insurance Companies

Bring Workman's Insurance companies together in a forum to discuss rules and regulations pertaining to injuries suffered while under the influence to make sure there are no lapses in coverage for the injured.

4. Which Guiding Principle(s) does this recommendation support?

Guiding Principle 1 - Promote the health, safety, and well-being of Nevada's communities

Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry

Guiding Principle 4- Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome

Guiding Principle 6 - Establish regulations that are clear and practical, so that interactions between law enforcement (at the local, state and federal levels), consumers, and licensees are predictable and understandable

5. **What provision(s) of Question 2 does this recommendation apply to**?

Section 5. Powers and duties of the Department.

6. **What issue(s) does the recommendation resolve?**

Workplace injuries and possible denial of coverage on claims

7. **Was there dissent in the group regarding this recommendation? If yes, please provide a summary of the dissenting opinion regarding the recommendation.**

No.

8. **What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?**

Discussions and alternative solutions with both Workman's Compensation Insurance carriers and primary healthcare insurers. Possible insurance regulatory changes. Creating an "Expert Panel" for review prior to adopting regulations including input from the NAIW (Nevada Attorney's for Injured Workers).

9. **Additional information (cost of implementation, priority according to the recommendations, etc.).**

Will need to be addressed amongst business associations and the insurance industry.
Consider input from Nevada Attorney's for Injured Workers.

E. Summary of Task Force and Working Group Dissents

Recommendation	Working Group	Dissent
Regulatory Structure		
Regulatory Organizational Structure	Cultivation	No dissent
Transfer of Medical Program to Department of Taxation	Retail	No Task Force dissent Working group dissent: J. DeLett-Snyder
Inspection Requirements	Production/ Manufacturing	No Task Force dissent Working group dissent: A. Thornley
Local Government Regulation	Production/ Manufacturing	Task Force dissent: J. Tolles, D. Stapleton and W. Henderson No Working group dissent
Marijuana Control Board	Law Enforcement	No dissent
Ownership Interest	Labs	No dissent
Advisory Committee	Labs	No dissent
Ancillary Marijuana Business Licensing	Labs	Task Force dissent: A. Zeller No Working group dissent
Co-Location	Production/ Manufacturing	No dissent
Dual Use Medical and Retail	Retail	No dissent
Taxation and Revenue		
Taxation – 15% Excise Tax	Taxation/Revenue/ Regulatory Structure	No dissent
Taxation – Retail Tax 10%	Taxation/Revenue/ Regulatory Structure	No dissent
Fees – Local Government Share	Taxation/Revenue/ Regulatory Structure	Task Force and Working group dissent: D. Contine
Application and Licensing Requirements		
Application Process	Taxation/Revenue/ Regulatory Structure	No dissent
Rating Criteria on Applications	Taxation/Revenue/ Regulatory Structure	No dissent
Ownership Issues/ Licensing Requirements	Taxation/Revenue/ Regulatory Structure	Task Force dissent: W. Henderson and C. Callaway No Working group dissent
Monopolies - Limitations on the Number of Marijuana Establishments	Taxation/Revenue/ Regulatory Structure	No dissent

Recommendation	Working Group	Dissent
Agent Card Requirements	Taxation/Revenue/ Regulatory Structure	Task Force dissent: C. Callaway No Working group dissent
Retail Store Allocation	Taxation/Revenue/ Regulatory Structure	No dissent
Inventory Tracking		
Inventory Control	Production/ Manufacturing	No dissent
Centralized Inventory Tracking	Production/ Manufacturing	No dissent
Inventory Tracking and Separation of Product	Retail	No Task Force dissent Working Group dissent: J. DeLett-Snyder
Operational Requirements - Retail Stores		
Operations – Service	Retail	No dissent
Retail Regulations	Retail	No dissent
Operational Requirements - Cultivation		
Outdoor Cultivation - Buffer Zone	Cultivation	No dissent
Home Cultivation	Cultivation	No dissent
Pesticide Application and Worker Protection Standards	Cultivation	No dissent
Pesticides	Cultivation	No dissent
Outdoor Cultivation - Security Requirements	Cultivation	Task Force dissent: W. Robinson and W. Henderson Working group dissent: L. Hettrick
Product Acquisition	Cultivation	No dissent
Cultivation Supply Management	Cultivation	Task Force dissent: J. DiMuro, A. Zeller and W. Henderson No Working group dissent
Microbial Testing Limits	Cultivation	No dissent
Internal Product Evaluation Standards and Procedures	Cultivation	No dissent
Operational Requirements - Production/Manufacturing		
Production Outside of Licensed Facilities	Production/ Manufacturing	Task Force dissent: C. Callaway No Working group dissent
Disposal of Marijuana Products and Waste	Transportation/ Storage/Disposal	No dissent
Operational Requirements - Labs		

Recommendation	Working Group	Dissent
Accreditation, Validation and Auditing	Labs	No dissent
Proficiency Testing	Labs	No dissent
Inventory Control - Labs	Labs	No dissent
Sample Sizes for Testing and Retention	Labs	Task Force dissent: J. Ritter No Working group dissent
Homogeneity Testing and Adulterants	Labs	Task Force dissent: J. Pollock No Working group dissent
Operational Requirements - Distribution and Transportation		
Commercial Transportation and Storage – Operational Requirements	Transportation/ Storage/Disposal	No dissent
Storage Requirements	Transportation/ Storage/Disposal	No dissent
Application Process for a Distributor License	Transportation/ Storage/Disposal	No Task Force dissent Working group dissent: K. Brown and M. Arquilla.
Local Jurisdiction Involvement in Transportation	Transportation/ Storage/Disposal	No dissent
Delivery	Retail	No dissent
Packaging, Labeling, Potency Limitations		
Packaging Requirements	Production/ Manufacturing	Task Force dissent: J. Ritter No Working group dissent
Serving Sizes and Packaging Limitations	Production/ Manufacturing	No dissent
Product Types and Their Equivalencies	Production/ Manufacturing	Task Force dissent: C. Callaway No Working group dissent
Serving Size and Labeling of Edibles	Labs	No dissent
Uniform Potency Labeling	Consumer Safety/ Education/Health	No dissent
Signage, Marketing and Advertising		
Signage, Marketing and Advertising	Retail	No Task Force dissent Working group dissent: The Consumer Safety, Education and Health Working group and J. DeLett-Snyder

Recommendation	Working Group	Dissent
Literature Shared with the Patient/Consumer	Retail	No dissent
Education and Research		
Education	Consumer Safety/ Education/Health	No dissent
Research	Consumer Safety/ Education/Health	No dissent
Data Collection	Law Enforcement	No dissent
Oversight and Responsible Agent Training	Consumer Safety/ Education/Health	Task Force dissent: J. Ritter Working group dissent: R. Durrett
Federal Property and Funding	Consumer Safety/ Education/Health	No dissent
Law Enforcement		
Driving Under the Influence of Drugs (DUID)	Law Enforcement	Task Force dissent: T. Robinson No Working group dissent
Statutory Changes for Persons Under 21 Years of Age	Law Enforcement	No dissent
Marijuana in Correctional Facilities	Law Enforcement	No dissent
Open Container and Personal Transport	Law Enforcement	No dissent
Request for Evidentiary Testing	Law Enforcement	No Task Force dissent Working group dissent: J. Piro
Fees for Chemical Testing Associated with DUID	Law Enforcement	No dissent
Restrictions and Minimum Security Standards Regarding Firearms	Law Enforcement	Task Force dissent: J. Tolles and L. Hettrick No Working group dissent
Public Safety		
Preventing Distribution to Minors	Law Enforcement	No dissent
Preventing Diversion to Other States	Law Enforcement	No dissent
Revenue for Public Safety	Law Enforcement	Task Force dissent: J. DiMuro, J. Pollock, W. Henderson, K. Schiller and M. Pawlak No Working group dissent
Dispensing Machines	Law Enforcement	No dissent
Banking	Consumer Safety/ Education/Health	No dissent
Clean Air Act	Consumer Safety/ Education/Health	No dissent
Edible Marijuana	Consumer Safety/ Education/Health	No dissent

Recommendation	Working Group	Dissent
Health and Safety – Medical and Clinical Issues	Consumer Safety/ Education/Health	No dissent
Workers Compensation	Consumer Safety/ Education/Health	No dissent

F. Cross Reference Working Group and Topic

Recommendations by Working Group	Category in Appendix D Where Recommendation is Located
Production / Manufacturing	
Co-Location	Regulatory Structure
Packaging Requirements	Packaging, Labeling, Potency Limitations
Serving Sizes and Packaging Limitations	Packaging, Labeling, Potency Limitations
Inventory Control	Inventory Tracking
Inspection Requirements	Regulatory Structure
Production Outside of Licensed Facilities	Operational Requirements - Production/Manufacturing
Centralized Inventory Tracking	Inventory Tracking
Local Government Regulation	Regulatory Structure
Product Types and Their Equivalencies	Packaging, Labeling, Potency Limitations
Cultivation	
Regulatory Organizational Structure	Regulatory Organizational Structure
Outdoor Cultivation - Buffer Zone	Operational Requirements - Cultivation
Home Cultivation	Operational Requirements - Cultivation
Pesticide Application and Worker Protection Standards	Operational Requirements - Cultivation
Pesticides	Operational Requirements - Cultivation
Outdoor Cultivation - Security Requirements	Operational Requirements - Cultivation
Internal Product Evaluation Standards and Procedures	Operational Requirements - Cultivation
Product Acquisition	Operational Requirements - Cultivation
Cultivation Supply Management	Operational Requirements - Cultivation
Microbial Testing Limits	Operational Requirements - Cultivation
Law Enforcement	
Driving Under the Influence of Drugs (DUID)	Law Enforcement
Statutory Changes for Persons Under 21 Years of Age	Law Enforcement
Dispensing Machines	Public Safety
Marijuana in Correctional Facilities	Law Enforcement
Preventing Distribution to Minors	Public Safety
Preventing Diversion to Other States	Public Safety
Revenue for Public Safety	Public Safety
Open Container and Personal Transport	Law Enforcement
Data Collection	Education and Research
Request for Evidentiary Testing	Law Enforcement
Fees for Chemical Testing Associated with DUID	Law Enforcement

Recommendations by Working Group	Category in Appendix D Where Recommendation is Located
Marijuana Control Board	Regulatory Structure
Restrictions and Minimum Security Standards Regarding Firearms	Law Enforcement
Labs	
Accreditation, Validation and Auditing	Operational Requirements - Labs
Proficiency Testing	Operational Requirements - Labs
Inventory Control - Labs	Operational Requirements - Labs
Ownership Interest	Regulatory Structure
Advisory Committee	Regulatory Structure
Sample Sizes for Testing and Retention	Operational Requirements - Labs
Homogeneity Testing of Edible Marijuana Products	Operational Requirements - Labs
Ancillary Marijuana Business Licensing	Regulatory Structure
Serving Size and Labeling of Edibles	Packaging, Labeling, Potency Limitations
Transport/Storage/Disposal	
Commercial Transportation and Storage – Operational Requirements	Operational Requirements – Distribution and Transportation
Storage Requirements	Operational Requirements – Distribution and Transportation
Application Process for a Distributor License	Operational Requirements – Distribution and Transportation
Disposal of Marijuana Products and Waste	Operational Requirements - Production/Manufacturing
Local Jurisdiction Involvement in Transportation	Operational Requirements – Distribution and Transportation
Taxation/Revenue/Regulatory Structure	
Taxation – 15% Excise Tax	Taxation and Revenue
Taxation – Retail Tax 10%	Taxation and Revenue
Fees – Local Government Share	Taxation and Revenue
Application Process	Application and Licensing Requirements
Retail Store Allocation	Application and Licensing Requirements
Rating Criteria on Applications	Application and Licensing Requirements
Monopolies - Limitations on the Number of Marijuana Establishments	Application and Licensing Requirements
Agent Card Requirements	Application and Licensing Requirements
Ownership Issues/ Licensing Requirements	Application and Licensing Requirements
Retail	
Transfer of Medical Program to Department of Taxation	Regulatory Structure

Recommendations by Working Group	Category in Appendix D Where Recommendation is Located
Dual Use Medical and Retail	Regulatory Structure
Operations – Service	Operations - Retail Stores
Inventory Tracking and Separation of Product	Inventory Tracking
Retail Regulations	Operations - Retail Stores
Signage, Marketing and Advertising	Signage, Marketing and Advertising
Literature Shared with the Patient/Consumer	Signage, Marketing and Advertising
Delivery	Operational Requirements - Distribution and Transportation
Consumer Safety/Education/Health	
Federal Property and Funding	Education and Research
Education	Education and Research
Banking	Public Safety
Clean Air Act	Public Safety
Research	Education and Research
Edible Marijuana	Public Safety
Uniform Potency Labeling	Packaging, Labeling, Potency Limitations
Health and Safety – Medical and Clinical Issues	Public Safety
Workers Compensation	Public Safety
Oversight and Responsible Agent Training	Education and Research