



# Marijuana Distributor Licensing

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August 10, 2017



## Marijuana Distributor Licensing

### Background

11-08-2016	Nevada voters pass Ballot Question 2 Dept. of Taxation tasked with licensing & regulating 15% excise tax on wholesale marijuana
01-01-2017	Possession of 1 oz. of marijuana legal for 21+
01-17-2017	Gov. Sandoval includes new 10% retail excise tax in budget
05-08-2017	Dept. adopts regulations for licensing & regulation
06-20-2017	IADON sues Dept. of Taxation Court issues order prohibiting Dept. from licensing non-liquor wholesalers until it has made additional rules for determination
07-01-2017	Legal sales of marijuana begin
07-13-2017	Dept. adopts rules envisioned by June court order
08-10-2017	Dept. holds public meeting for sufficiency determination per adopted rules



## Marijuana Distributor Licensing

### Application Process

#### **Federal law – The Cole Memo**

- Prevent revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels
- Prevent diversion from legalized states to other states
- Prevent state-authorized marijuana activity from being used as a cover or pretext for trafficking of other illegal drugs or activity

#### **Extensive vetting process in NV**

- Ensure no criminal background
  - Intent to operate under the law
  - Security and inspections
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## Marijuana Distributor Licensing

### Data Gathered

#### **Marijuana establishments**

- Survey sent to all 382 licensed marijuana establishments
  - Purpose: identify current and anticipated distribution needs and issues
  - 65 completed responses
  - Additional data submitted from majority of NV's 50 licensed retail stores

#### **Liquor wholesalers**

- Survey sent to all 61 licensed liquor wholesalers\*
  - Purpose: identify intent to apply and capacity to serve the market
  - 17 completed responses

\* Most current list of licensees as date survey was sent

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## Marijuana Distributor Licensing

### Results: Marijuana Establishments

#### Retail stores

- Average deliveries needed per week - low end: 9
  - Average deliveries needed per week - high end: 11
  - Average number of suppliers needed - low end: 7
  - Average number of suppliers needed - high end: 9
  - Range of expected turnaround time: 12 hours – 5 days
  - Average growth expected within 6 months: 35%
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## Marijuana Distributor Licensing

### Results: Liquor Wholesalers

#### **Current status of distributors**

- 9 distributor applications received
  - 6 distributor licenses issued
    - 1 active operator in Southern Nevada
    - 1 active operator in Northern Nevada (distributing related establishment)
    - Remaining 4 distributors each have 1 vehicle and 1 agent card
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## Marijuana Distributor Licensing

### Results: Liquor Wholesalers

#### **Respondents' intent to apply**

- Currently licensed: 4
  - Pending applications: 2
  - May apply in future: 6
  - Do not intend to apply: 4
  - Did not indicate intent: 1
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## Marijuana Distributor Licensing

### Results: Liquor Wholesalers

#### **4 currently licensed distributor respondents**

- 1 did not answer the survey questions; Dept. records show 1 vehicle
- 1 indicated they have 2 vehicles (Dept. has inspected those)
- 1 indicated 2 vehicles and 6 agents (Dept. has only inspected 1 vehicle)
- 1 indicated 4 vehicles (Dept. inspection showed 1)

#### **2 pending application respondents**

- 1 related to a Southern Nevada MME
  - 1 indicated 10 trucks (unverified) and submission of 10 agent applications (only 16 total agent apps have been submitted from distributors)
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## Marijuana Distributor Licensing

### Additional Presenters

#### **Kile Porter**

Economics of market conditions

Economist, Nevada Department of Taxation

#### **Joe Brezny/Matt Griffin**

Theory of the liquor wholesaler provision of Q2

Campaign for Ballot Question 2

#### **Tim Conder**

Realities of today's marijuana distribution market

Marijuana Distributor / Crooked Wine, Operator/ Blackbird Logistics

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