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Nevada Department of Taxation
1550 College Parkway, Ste. 115
Carson City, Nevada 89706

Sent Via Email and USPS to Avoid Delay: marijuana@tax.state.nv.us

Re: Proposed Changes to Draft Permanent Marijuana Regulations

To Whom It May Concern,

This office represents multiple parties who are either licensed marijuana establishments or have interest in becoming a licensed marijuana establishment who would like to bring the following proposed changes to the draft permanent regulations to attention of the Department:

1. While the medical marijuana regulations set forth in NRS 453A and NAC 453A provide that an applicant must provide to the Department, "Evidence that the applicant controls not less than \$250,000 in liquid assets to cover the initial expenses of opening the proposed medical marijuana establishment...," with respect to the new structure of Nevada's recreational marijuana program, this blanket, across the board amount appears to be excessive and should be reduced based on the specific type of establishment the applicant is seeking. See, NRS 453A.322(3)(a)(2)(III). For example, an applicant who seeks to open a dispensary, may very likely need opening and operating capital in the amount of \$250,000 in order to make building modifications, hire security, obtain inventory to stock shelves and other related start-up costs; an applicant seeking a distribution type of marijuana establishment does not purchase inventory and only on rare occasions, even store inventory. As such, the \$100,000 range appears to be more than adequate liquidity to start a distribution business. On the other hand, a proposed 60,000 square foot grow facility establishment could easily require in excess of \$500,000 in liquid capital funds. Accordingly, it is proposed that the liquidity requirement be changed for each respective type of establishment requiring evidence of the following minimum liquidity amounts:
 - a. Marijuana Cultivation Facility Establishment: \$250,000;
 - b. Marijuana Testing Facility Establishment: \$150,000 to \$175,000;
 - c. Marijuana Product Manufacturing Facility Establishment: \$150,000 to \$200,000;
 - d. Marijuana Distributor Establishment: \$75,000 to \$100,000; and,

- e. Retail Marijuana Store Establishment: \$250,000
2. With respect to load limits, the maximums set forth in the draft regulations should be increased to account for various factors such as inflation and pricing variables. For example, if wholesale pricing were to sky rocket due to a drought/water shortage, power shortage, etc. then the \$10,000 limit could easily be met by a very small amount of product, which could bankrupt the industry because if licensees are only permitted to transport extremely small loads at a time, that would mean more trips at higher operating costs. If a maximum is being set, it should account for all potential scenarios and should not be such a nominal amount. It is therefore proposed that the load limits be increased to \$50,000 to \$75,000 in wholesale product per load. Again, these are not average load sizes, these are load limits and should be reflected as such.

In conclusion, it is respectfully requested that the Department consider incorporating these proposed changes into the permanent regulations prior to adoption.

Sincerely,



Stephanie Rice, Esq.

SR/
Cc: Client; File.

Enclosure(s): None.