

MINUTES

Of the meeting of the

NEVADA DEPARTMENT OF TAXATION

REGULATION WORKSHOP FOR LCB FILE NO. T002-18

September 14, 2018

10:00 A.M.

The Nevada Department of Taxation held a public meeting on September 14, 2018, beginning at 10:00a.m. at the following locations:

- Nevada Legislative Building
401 S Carson Street, Room 3137
Carson City, NV 89701
- Via Video Conference:
Legislative Counsel Bureau
Grant Sawyer State Office Building
555 E Washington Ave., Room 4401
Las Vegas, NV 89101

The meeting was called to order by the Bill Anderson who is the Executive Director, at 10:00a.m. Present were Shellie Hughes, George Hritz, and Melissa Flatley. Members of the public were asked to sign in, and the sign-in-sheet is attached to the original minutes as **Exhibit A**.

- I. **Public Comment** – Mona Lisa Samuelson presents herself as Nevada’s Medical Marijuana Patient Advocate. She states that Nevada’s medical marijuana patients are requesting that funding be set aside for essential toxicology, microbiology, and plant pathology testing as it relates to commercial production.

Ms. Samuelson went on to request regulation that would require the Department of Agriculture to create a state certified organic panel as it pertains to the agriculture of cannabis.

Ms. Samuelson provided written testimony which is attached to the original minutes as **Exhibit B**

- II. **Discussion of T002-18** - Director Anderson began with an overview of the distribution of funds accrued from the Marijuana tax as well as the licensing and application fees.

Director Anderson pointed out what he felt are the three highlights of the proposed regulation.

The first is a proposed change in the distribution date to avoid potential cash flow problems that might arise from the distribution date being close to the beginning of the fiscal year.

The second important piece of the proposed regulation adds that the money will be distributed to qualifying counties, cities and towns. It creates criteria that must be met in order to receive some of the distribution of funds.

The third important portion of the proposed regulation deals with population and how that will be factored into the distribution of funds.

Director Anderson provided space for public comment that was specific to the proposed regulation but none was given.

A copy of the proposed regulation is attached to original minutes as **Exhibit C**

III. Public Comment – Mona Lisa Samuelson reiterated her public comment from the beginning of the meeting.

IV. Meeting Adjourned at 10:13a.m.

A copy of the video recording of the regulation workshop can be found on the Departments website at <https://tax.nv.gov/> under Regulation/Distribution of Marijuana Revenue to Local Governments Proposed Temporary Regulation as soon as it becomes available.

Exhibit A

Workshop for Proposed Temporary Regulation T-002-18
Legislative Counsel Bureau
Grant Sawyer State Office Building
555 E Washington Avenue, Room 4401 Las Vegas, NV

SIGN IN SHEET

September 14, 2018

PLEASE PRINT NAME, ADDRESS AND TELEPHONE NUMBER
(PROVIDE BUSINESS CARD IF TESTIFYING)

Hona Lisa Sanderson
Name

Medical Hj Pediatrics
Representing

mandisa@loveswife@gmail.com
Email Address

PUBLIC COMMENT
YES/NO
Yes!

Address

Telephone/Business Telephone

Name

Email Address

Address

Telephone/Business Telephone

Name

Email Address

Address

Telephone/Business Telephone

Name

Email Address

Address

Telephone/Business Telephone

Exhibit B

MJ PLAN

Medical Marijuana Patient Lobbyists & Advocacy for Nevada

To: Nevada's Department of Taxation MJ Division
Re: Medical Mj Patients Request Specific Funding Allocations
Date: 9-14-2018

Nevada's Medical Marijuana Patients would like to request that funding be set aside for essential research on the toxicology, microbiology, and plant pathology of the commercially-produced cannabis in Nevada. We will also need a regulatory mandate to make sure our laboratories standardize testing methodologies in order to make the new research viable and consistent. Furthermore, we'd like to petition the Department of Agriculture to create a specially regulated, state-certified, organic panel specific for use on marijuana and industrial hemp.

As your dedicated patient advocate, I've now come before many regulatory committees to put onto public record the serious issues we face dealing with pesticides and the standardization of new testing methodologies. Patients would like to insist the proper funding be allocated to address these extremely important safety concerns.

And we'd like to make it clear that we shouldn't simply research the pesticides and growth enhancers used on cannabis agriculture. Science clearly shows we've critical issue with unknown (and unsafe) NEW chemicals being produced due to the processes of extraction and concentration; and these unique chemicals must also be examined from a toxicology standpoint. Nevada's own scientific data confirms the patients' worst fears in that residuals and solvents are concentrating to heat up and produce entirely unexpected, synthetically-derived chemicals which our experts agree isn't safe for consumption, yet these chemicals continue to go completely unregulated and dare I say, purposely undetected.

This is why Nevada's Medical Marijuana Patients are making an issue of putting it on public record that we request the Marijuana Division of the Tax Department appropriate funds to be earmarked specifically for much needed toxicology research. Before all the marijuana money has been allocated elsewhere, our experts agree we must, at the very least, budget for a thorough and scientific assessment so we can assure consumer safety. It will require funding and a standardized methodology of testing which means the patients need your regulatory assistance on several levels.

It's also important to tell you that our medical marijuana patients have a growing need for a certifiable organic panel in relation to cannabis cultivation. That'll require initial funding for the Dept of Agriculture to research and initially establish so we ask that the Tax Department please make sure this issue also makes the budgetary conversation.

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Exhibit C

**REVISED PROPOSED TEMPORARY REGULATION OF THE
NEVADA TAX COMMISSION**

LCB File No. T-002-18

August 29, 2018

EXPLANATION – Matter in *italics* is new language in proposed original draft; matter in brackets ~~[omitted material]~~ is material to be omitted in original draft. Matter in brackets ~~[omitted material from original draft]~~ is language proposed to be omitted from this draft. Matter in *italics* is new language proposed to be added in this draft

AUTHORITY: §1, NRS 360.090, NRS 372A.290, as amended by section 9 of Senate Bill No. 487, chapter 541, Statutes of Nevada 2017, at page 373, 453D.200, 453D.510

A REGULATION relating to taxation; clarifying the distribution of \$3,500,000 to local governments; and providing other matters properly relating thereto.

Existing law allows for distribution of \$3,500,000 to each locality in which a marijuana establishment or medical marijuana establishment is located on for reimbursement of the costs of each locality to carry out the provisions of chapters 453A and 453D of the NRS.

This regulation clarifies that the distribution is to each local government that has a local approval and licensing process for marijuana establishments or medical marijuana establishments to operate and has granted such approval to a marijuana establishment or medical marijuana establishment to operate. This regulation also clarifies how population will be defined for distribution and revises the distribution date.

Section 1. LCB File No. R092-17AP section 235 is hereby amended to read as follows:

Sec. 235 ~~[Within 30 days after the effective date of this regulation and]~~ ~~[o]~~ *On* ~~[November]~~ *February* 1 of each year ~~[thereafter]~~, the Department will reimburse the costs of each local government of carrying out the provisions of chapters 453A and 453D of NRS as follows:

1. By distributing a total amount of \$1,500,000, divided equally, to each county; and
2. By distributing a total amount of \$3,500,000, *divided on the basis of population between* ~~[to]~~ each *qualifying local government* ~~[locality]~~ ~~[in which a marijuana establishment or a medical marijuana establishment is located and, if the local government has a process for granting an approval and/or local license to such businesses, the local government has granted such approval~~

~~and/or local license to a marijuana establishment or a medical marijuana establishment to operate. These dollars will be, divided on the basis of population of each~~ [locality, to each locality in which a marijuana establishment or a medical marijuana establishment is located] [qualifying jurisdiction on] as of [:]

~~[(a) February 16, 2018, for the initial distribution pursuant to this subsection; and]~~

~~[(b)]~~ September 1 of each year for each [subsequent] distribution pursuant to this subsection.

~~(a) For counties to qualify for this distribution, they must 1) have a local approval and licensing process for~~ [there must be a licensed] marijuana establishments or medical marijuana establishments to operate and; 2) have [located in an area of the county outside of an incorporated city or town that qualifies for this distribution described in section (b) and, if the county has a process for granting an approval and/or local license to such a business, the county has] granted such approval [and/or local license to such a business, the county has granted such approval and/or local license] to a marijuana establishment or medical marijuana establishment to operate within the county, but outside of a city or town that qualifies for this distribution described in section (b).

~~(b) For cities or towns to qualify for this distribution, there] they must 1) have a local approval and licensing process for~~ [be a licensed] marijuana establishments or medical marijuana establishments to operate; and 2) [located within an area of the city or town and, if the city or town has a process for granting an approval and/or local license to such a business, the city or town has] have granted such approval [and/or local license] to a marijuana establishment or medical marijuana establishment to operate within the city or town.

~~(c) For the purposes of section 2, the population of any county qualifying for the distribution shall be calculated by taking the total population of the county and subtracting the population(s) of any qualifying cities(s) or town(s) located within that county.~~