1. Working Group Name:

*Taxation/Revenue/Regulatory Structure Working Group*

1. 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*

1. Describe the Recommendation:

*The Taxation/Revenue/Regulatory Structure Working Group recommends that the merit based application process used in the 2014 ranking and scoring of medical marijuana establishments be maintained, however, we recommend the local governments be given the responsibility to select candidates based on establishment location 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 on:*
  + *Applicant’s qualifications and competency to run a successful marijuana establishment.*
  + *Adequacy of facility size, building/construction plan compliance with applicable law/regulations.*
  + *Financial liquidity/ability of the applicant to remain financially viable before any sales revenues are realized.*
* *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 12 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.*
* *If the marijuana establishment is not able to get local approval and files a lawsuit, the conditional license will be held up until the lawsuit is settled.*

1. 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.*

1. 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.*

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

*This recommendation would resolve the unbalance 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 on who they are and what they can deliver, and the local jurisdiction will be tasked with zoning and land use approval.*

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

*No dissent*

1. 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.

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

*None*