1. Working group name:

*Laboratory Working Group*

1. Individual sponsor(s):

*Shane A. Johnson, SJ3D Holdings, Inc.*

1. 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) Amarijuana 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.*

1. 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.*

1. 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.*

1. 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*

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?

*None*

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

*None*