NEVADA
DISPENSARY ASSOCIATION

NDA represents approximately

90%

of currently operating dispensaries throughout Nevada

MOST ARE VERTICALLY INTEGRATED

Approximately half of licenses in operation.

COLLABORATE WITH COMMUNITY STAKEHOLDERS, INDEPENDENT LICENSES, LABS, ETC.

STRONG ROOTS

REGULATION FROM THE OUTSET

- Nevada attracted applicants from already regulated industries.
- Built adult use on backbone of medical.

NEVADA STARTED BY LOOKING AT OTHER MARKETS

2013
NV Delegation visited Arizona.

2015
NV Delegation visited Colorado.

2016
NV Delegation visited Colorado and Oregon.

The Colorado delegation met with:

- Regulators
- Lawmakers
- Youth drug use prevention advocates
- Law enforcement
- Industry

2017
NV Delegation visited California.

COOPERATION & COLLABORATION

AB422

Medical Preservation

SB344

Supported restrictions on advertising and packaging

GOVERNOR’S

Task Force

2017

GOVERNOR'S TASK FORCE
(61 Meetings)

- Taxation and DPBH
- Local Governments
- Law Enforcement
- Governor's Office
- Youth & adult drug prevention reps.
- Marijuana Industry
- Patient Advocates
- Legislators

8 PUBLIC WORKSHOPS

2018

TAX COMMISSION AND LEGISLATIVE COMMISSION ADOPT PERMANENT REGULATIONS

RESULT OF NEVADA'S WORK

Delegations visiting Nevada:

NEW YORK
NEW JERSEY
ALBERTA, CANADA
UTAH
CALIFORNIA

STRICT REGULATION

CORNERSTONES

Seed to Sale Tracking
Testing
Extensive Documentation
Training
Packaging and Label Rules
Advertising Restrictions
Audits & Inspections
Health & Hygiene Controls
Security

- Cameras monitoring all activity in every room
- Extensive security training and plan
- Specially trained security personnel/security audits
- Access and entry controls, into and within building
- Security training for all employees
- Symposia with law enforcement
- Provide video to law enforcement, communication

SEED TO SALE TRACKING

Must implement inventory control system to document each day's **beginning inventory, acquisitions, harvests, sales, disbursements, disposal of unusable marijuana and ending inventory**, including

NUMBER OF PLANTS & CUTTINGS

WEIGHT OF FLOWERS
Measured in grams

WEIGHT OF TRIM
Measured in grams

QUANTITY OF THC
Measured in milligrams

WEIGHT OF SEEDS
Measured in grams

TRACKING

For each batch

Must have information with batch number, lot number, and production run number.

Whether it originated from seeds or cuttings.

Strain, number of seeds planted, date planted, list of chemical additives, harvest information, date of harvest, final yield, agent responsible for harvest.

TRACKING

Example: When a sample is sent to laboratory, it is tracked, destroyed and the batch size is adjusted.

When portions of the batch are sold or destroyed, the information about that batch goes with it.

When a batch or production run is received, the receiving facility must track the products, making sure labels, packaging, test results, etc. are in order.

LAWS ON EDIBLES

SAFETY/CONSUMER ED.

All products must leave in opaque, child-resistant packaging.

No edibles in shapes of humans, fruits, cartoons, lollipops and no ice cream.

Packaging cannot have cartoon, mascot, action figure, balloon, or toy, or be modeled after popular name-brand product.

Labels must have 10mg serving sizes, content information, and list of warnings.

Packages limited to 100mg of THC.

Advertising

Mediums <30% youth.
No marketing to children. Approval required.
No actual consumption, no overconsumption.

Written warnings with each purchase.

Warnings posted in each store.

EDUCATION

INDUSTRY EDUCATION

REMEMBER TO ADVISE PATIENTS:

WHEN CONSUMING EDIBLES...

SLOW

START LOW
GO SLOW

KEEP MARIJUANA STORED OR LOCKED UP WHERE IT CANNOT BE ACCESSED BY CHILDREN

TRANSPORT ACROSS STATE LINES IS ILLEGAL

The Nevada Dispensary Association's Dispensary Agent Training launched in 2017. The training became the first comprehensive class for agents, a tool for agents in Nevada seeking to improve and supplement their working knowledge of the regulations and rules in place for agents in Nevada. The training includes the following lessons:

- OVERVIEW OF THE EARLY START PROGRAM
- REGULATIONS ON RETAIL (RECREATIONAL) SALES
- STATE & FEDERAL LAWS
- RESPONDING TO EMERGENCY SITUATIONS
- SECURITY PROTOCOLS
- ACCESS & ENTRY
- PATIENT SALES & CONSUMER EDUCATION
- TRACKING, LABELING & PACKAGING METHODS
- HYGIENE

LIVE AND ONLINE TRAININGS

ONLINE COURSES

- Packaging & Labeling
- Marketing & Advertising
- Entry, Access & Obtaining an Agent Card
- Security Requirements
- Security Training for Employees
- Customer Service & Product Knowledge

LIVE COURSES

- Inventory Control | Amanda Connor, Esq.
- Common Deficiencies | Department of Taxation
- CBD Sales | Department of Taxation
- Cannabis Trainers | Maureen McNamara
- Packaging and Labeling | Riana Durrett, Esq.

CLASS TOPICS

- **Financial Compliance and Best Practices**
- **Security Compliance and Best Practices**
- **Environmental**
  - Sanitation
  - Hygiene
  - OSHA inspections
- **Seed to Sale Tracking Compliance**
- **Marketing and Advertising Rules**
- **Packaging and Labeling Rules**
- **Continuing Education**
  - Endocannabinoids
  - Terpenes
  - CBD
  - Etc.
- **Weighing Compliance**
- **Common Problems and How to Address**

CHALLENGES

MAINTAINING FAIR TAX POLICY

ILLEGAL MARKET

UNLICENSED MARKET

BANKING

ADVERTISING

ILLEGAL MARKET

Illegal Delivery

Robust illegal delivery.

May appear legal to consumers.

Difficult to find operators to shut them down.

Most dispensaries will say illegal market is their biggest competitor.

ILLEGAL MARKET

HENDERSON DRUG BUST NETS

$300K

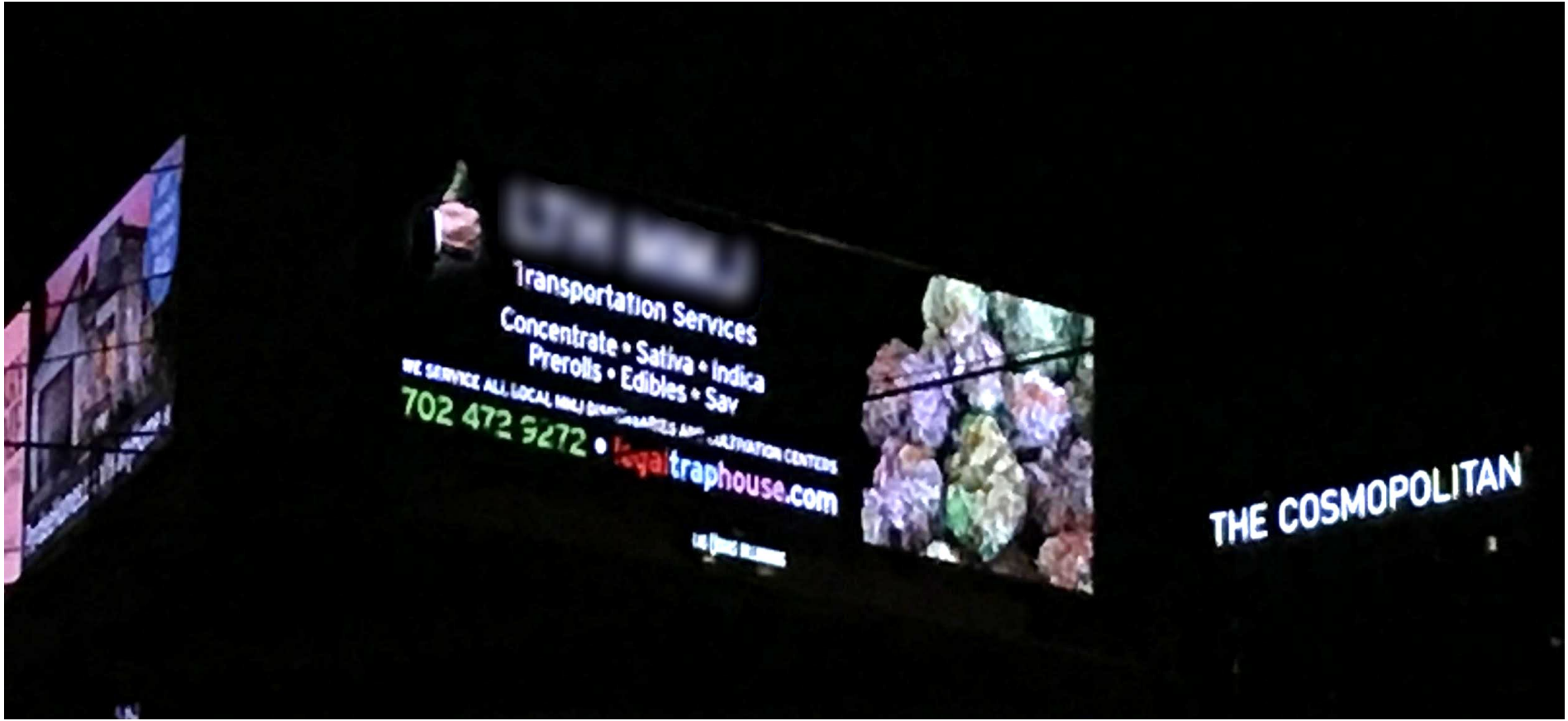
OF MARIJUANA PRODUCTS

"A vehicle stopped on May 15 led police to the home in the 800 block of Sheerwater Avenue, near St. Rose and Maryland parkways, police said."

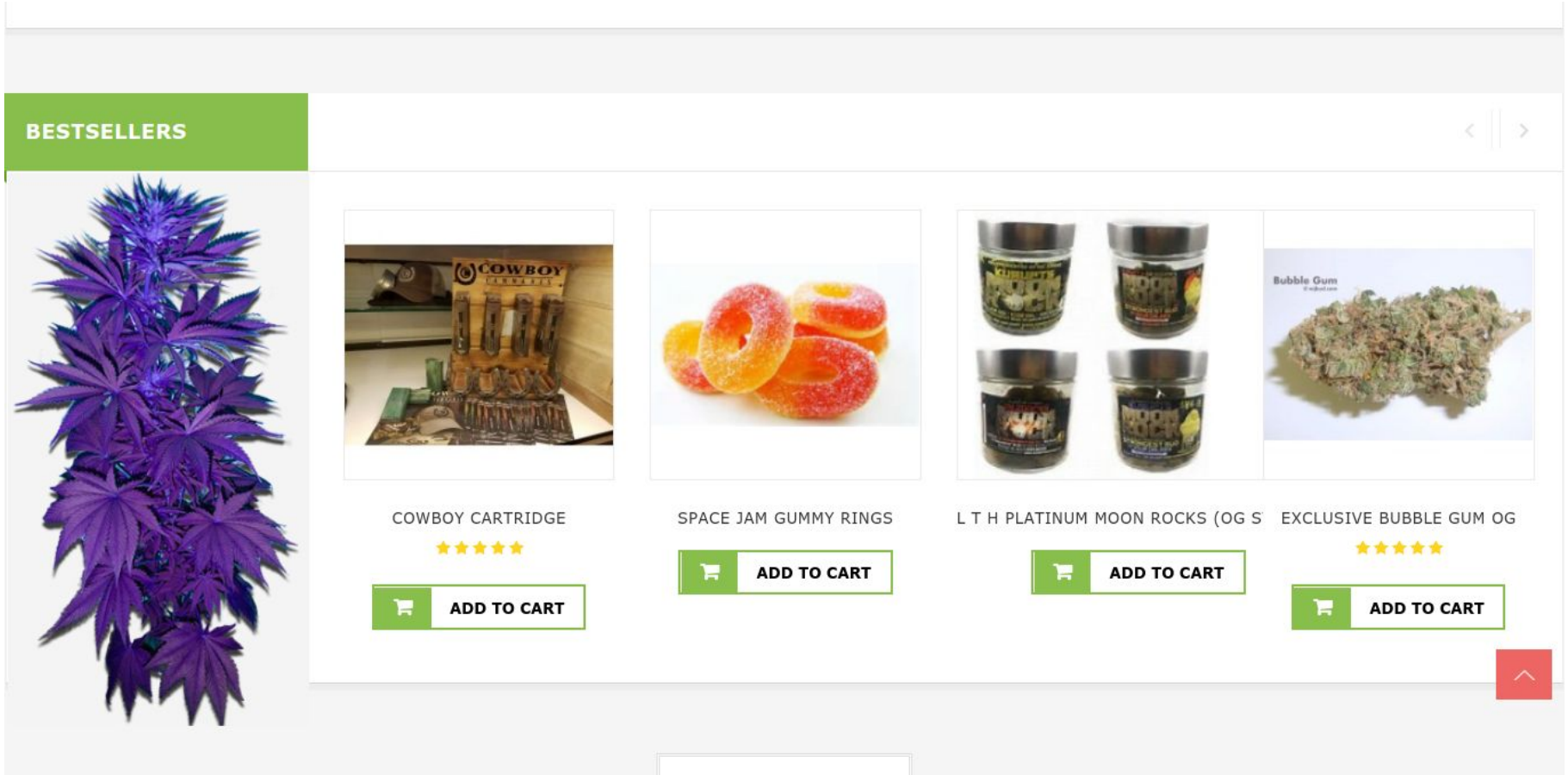
POLICE CONFISCATED

- $2,229 cash
- Marijuana THC Edibles (745 packages/52 lbs.)
- Concentrated Marijuana Wax (28 lbs.)
- THC Vaporizer Cartridges (163 lbs.)
- Marijuana (1.6 lbs.)
- Concentrated Marijuana THC Syringes (282 packages)

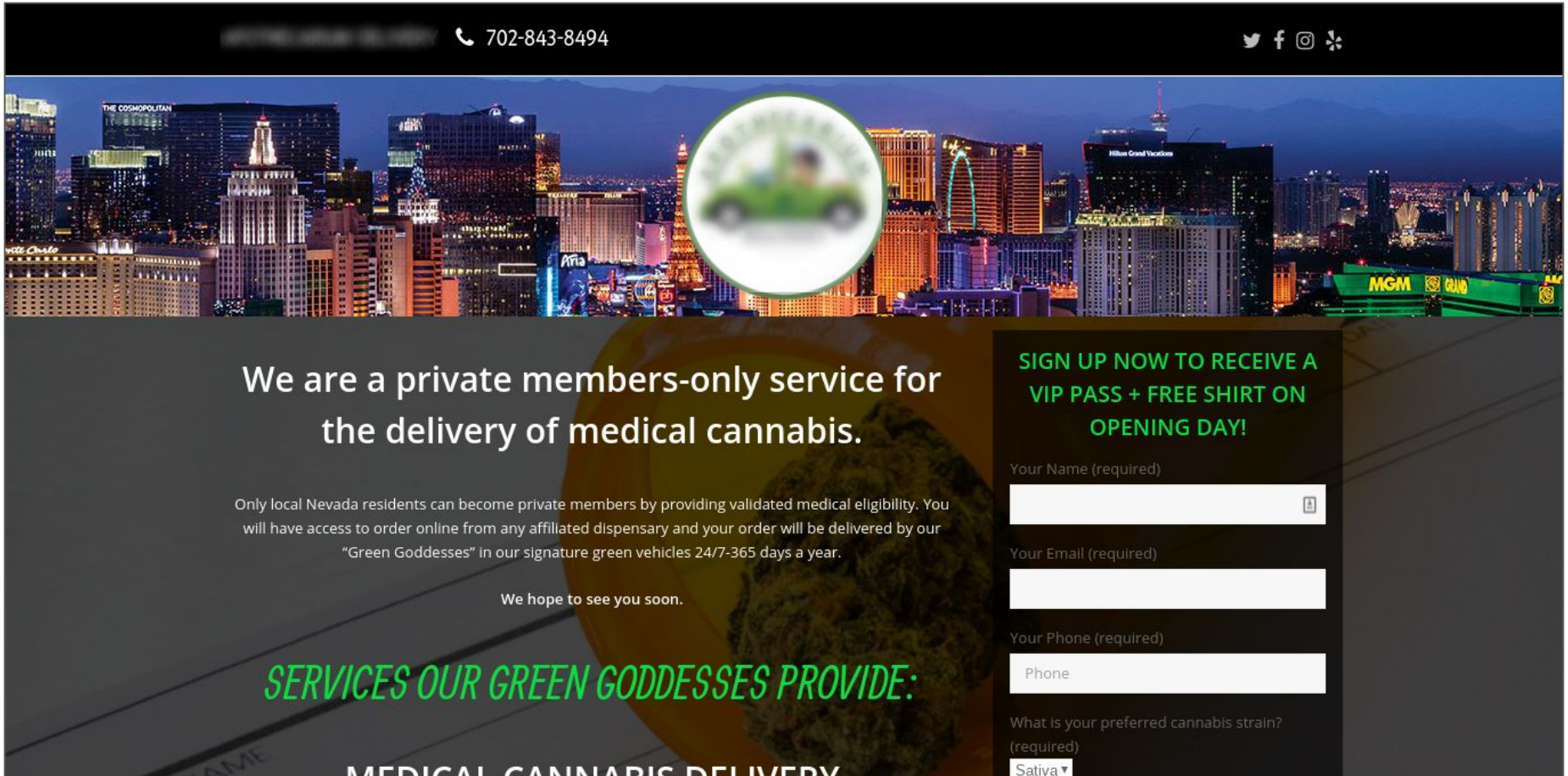
BILLBOARDS


Transportation Services
Concentrate • Sativa • Indica
Prerolls • Edibles • Sav
702 472 3272
traphouse.com
THE COSMOPOLITAN

WEBSITE


BESTSELLERS
COWBOY
COWBOY CARTRIDGE
ADD TO CART
SPACE JAM GUMMY RINGS
ADD TO CART
L T H PLATINUM MOON ROCKS (OG S
ADD TO CART
Bubble Gum
EXCLUSIVE BUBBLE GUM OG
ADD TO CART

ONLINE DELIVERY ADS



ONLINE DELIVERY ADS

CALL 702-843-8494

ABOUT [redacted]

[redacted] is a medical supply company based in Las Vegas, Nevada, building standards and raising the bar in our industry. Our service is marked with outstanding customer care. We hope you become a member and enjoy all our club has to offer.

POPUPS

[redacted]
SPECIAL GUEST HOST
@MEDICATEDMARLEY
AND LIKE ALWAYS WE HAVE
CONTESTS, GIVEAWAYS, RAFFLES, LIVE DJ
First 10 People free edible
First 20 People free preroll
PLUS ALL OUR GREAT VENDORS
SHATTER NACHOS

ILLEGAL MARKET

Gaps in Enforcement

Jurisdictional Gaps

Nevada Department of Taxation does not regulate illegal product or sales.

Grey areas arise when illegal operations claim they “have contracts” to deliver.

Validity of delivery contracts not regulated in medical marijuana statutes.

No resources provided specifically for enforcement in this area.

Public lack of awareness of what purchases are safe and legal.

ILLEGAL MARKET
Problems

PROBLEMS STEMMING FROM ILLEGAL MARKET

Not tested for pesticides, microbials, etc.

Illegal sellers not checking ID, selling to minors

Lacing with other illegal narcotics

Marketing to minors (cartoons)

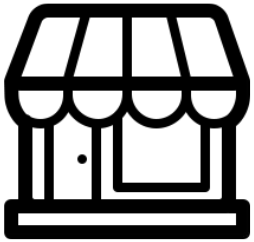
No limits on THC

No child-resistant packaging

Not paying taxes

Often connected to violence

ONLINE DELIVERY



Need to establish clear lines between **licensed brick and mortar retail stores that deliver** versus **unlicensed online delivery.**

BANKING

Several proposals exist.

Need for solutions to be practical and cost-effective.

ECONOMIC IMPACT

MARIJUANA TAX INFORMATION GUIDE

STATE

EXCISE WHOLESALE

MEDICAL 15%

ADULT USE 15%

$27.27 MILLION FY2018

* GOES TO DISTRIBUTIVE SCHOOL ACCOUNT AFTER COSTS OF THE PROGRAM (INCLUDING $5M DISTRIBUTION TO LOCAL GOVERNMENTS)

SALES TAX

MEDICAL ~8%

ADULT USE ~8%

$42.97 MILLION FY2018

* 2% GOES TO THE STATE. THE REMAINDER GOES TO CONSOLIDATED DISTRIBUTIVE TAX (C-TAX)

RETAIL EXCISE

ADULT USE **10%**

$42.50 MILLION FY2018

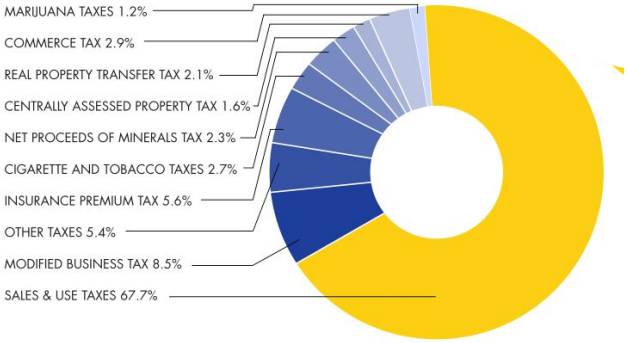
* GOES TO RAINY DAY FUND PER GOVERNOR SANDOVAL LEGISLATION

TAXABLE SALES

$529M

FY2018

TOTAL DEPARTMENT TAX REVENUES & TAX DISTRIBUTIONS



FEDERAL

26 U.S. CODE SECTION 280E

No deduction or credit shall be allowed for any amount paid or incurred during the taxable year.

IN EFFECT, INCREASES "TAXABLE INCOME." BUSINESSES CANNOT DEDUCT PAYROLL, MARKETING, ETC.

BUSINESS LICENSING

STATE APPLICATION AND LICENSING FEES **$5,000 TO $20,000**

LOCAL UP TO **$75,000**

* CROSS-JURISDICTIONAL LICENSING (SOME JURISDICTIONS)

BUSINESSES ARE ALSO SUBJECT TO MODIFIED BUSINESS TAX, COMMERCE TAX AND PROPERTY TAXES.

LOCAL

Up to **3%** of gross revenue on each license.

(CULTIVATION, PRODUCTION, AND DISPENSARY)

JOB STATISTICS & INFORMATION

- In 2018, approximately $989.7 million of total output activity is estimated to be generated for the Nevada economy due to marijuana regulation.
- In 2018, the Industry was expected to support about 8,300 FTE jobs in Nevada.
- In 2018, the Industry was estimated to generate approximately $443.3 million in direct, indirect, and induced labor income.

TOTAL ECONOMIC BENEFITS FROM MARIJUANA INDUSTRY (2018)

IMPACT TYPE	SPENDING/OUTPUT	EMPLOYMENT	LABOR INCOME
DIRECT BENEFIT	$607,710,000	5,900	$321,173,000
INDIRECT BENEFIT	$120,113,000	800	$40,047,000
INDUCED BENEFITS	$261,831,000	1,600	$82,118,000
TOTAL BENEFITS	$989,654,000	8,300	$443,338,000
MULTIPLIERS	1.63	1.41	1.38

SOURCES: RCG ECONOMICS, IMPLAN. NUMBERS MAY NOT CALCULATE EXACTLY DUE TO ROUNDING.

COMPARE TO JOBS NUMBERS IN OTHER INDUSTRIES (2016)

UTILITIES	4,206 EMPLOYEES
RESIDENTIAL CONSTRUCTION	5,828 EMPLOYEES
ACCOUNTING, TAX, PAYROLL	7,256 EMPLOYEES
COMPUTER SYSTEMS DESIGN & RELATED	6,816 EMPLOYEES

MANY FACILITIES OFFER HEALTH INSURANCE AND OTHER BENEFITS, INCLUDING 401Ks AND CONTINUING EDUCATION OPPORTUNITIES.

LOCAL REVENUE COLLECTION: SALES & USE TAX

APPLICABLE SALES & USE TAX RATES, 2018

DESCRIPTION	TAX RATE
MINIMUM STATEWIDE TAX RATE	
STATE SALES & USE TAX	2.00%
LOCAL SCHOOL SUPPORT TAX	2.60%
BASIC CITY-COUNTY RELIEF TAX (CITY GOVERNMENTS)	0.50%
SUPPLEMENTAL CITY-COUNTY RELIEF TAX (CITY GOVERNMENTS)	1.75%
OPTIONS TAXES	
COUNTY OPTION SALES TAXES	0.0%-1.415%
COMBINED SALES & USE TAX	6.85%-8.265%

SOURCE: NV DEPARTMENT OF TAXATION.

ANNUAL NEVADA SALES & USE TAX REVENUE, 2018-2024

YEAR	SALES & USE
2018	$42,974,000
2019	$48,324,000
2020	$50,249,000
2021	$50,983,000
2022	$51,660,000
2023	$52,304,000
2024	$52,940,000
TOTAL	$349,434,000

SOURCES: RCG ECONOMICS, IMPLAN, NV DEPARTMENT OF TAXATION. NUMBERS MAY NOT SUM EXACTLY DUE TO ROUNDING.

TOTAL NEVADA SALES & USE TAX REVENUE, BY TYPE, 2018-2024

TAX	SALES & USE
STATE SALES & USE TAX	$85,116,000
LOCAL SCHOOL SUPPORT TAX	$110,651,000
BASIC CITY-COUNTY RELIEF TAX	$21,279,000
SUPPLEMENTAL CITY-COUNTY RELIEF TAX	$74,477,000
COUNTY OPTION SALES TAXES	$57,910,000
TOTAL SALES & USE TAX REVENUE—7 YEARS	$349,434,000

SOURCES: RCG ECONOMICS, IMPLAN, NV DEPARTMENT OF TAXATION. NUMBERS MAY NOT SUM EXACTLY DUE TO ROUNDING.

LOCAL REVENUE COLLECTION

ANNUAL NEVADA LICENSING FEE REVENUE, 2018-2024
*COLLECTED BY LOCAL GOVERNMENTS

FY	LICENSING FEES
2018	$0
2019	$17,656,000
2020	$18,360,000
2021	$18,628,000
2022	$18,875,000
2023	$19,111,000
2024	$19,343,000
TOTAL	$111,973,000

SOURCE: RCG ECONOMICS. NUMBERS MAY NOT CALCULATE EXACTLY DUE TO ROUNDING.

UNDER SB487, $5M TOTAL DETERMINED TO BE SUFFICIENT TO PAY THE COSTS OF ALL LOCAL GOVERNMENTS ANNUALLY. NEVADA DEPARTMENT OF TAXATION DISTRIBUTED THESE FUNDS FROM WHOLESALE EXCISE TAX COLLECTION TO LOCAL GOVERNMENTS APRIL 2018.

*LICENSE ORIGINATION FEES AND PROPERTY TAXES NOT INCLUDED.

RCG ECONOMICS FINDINGS

GENERAL RCG

Survey Metrics

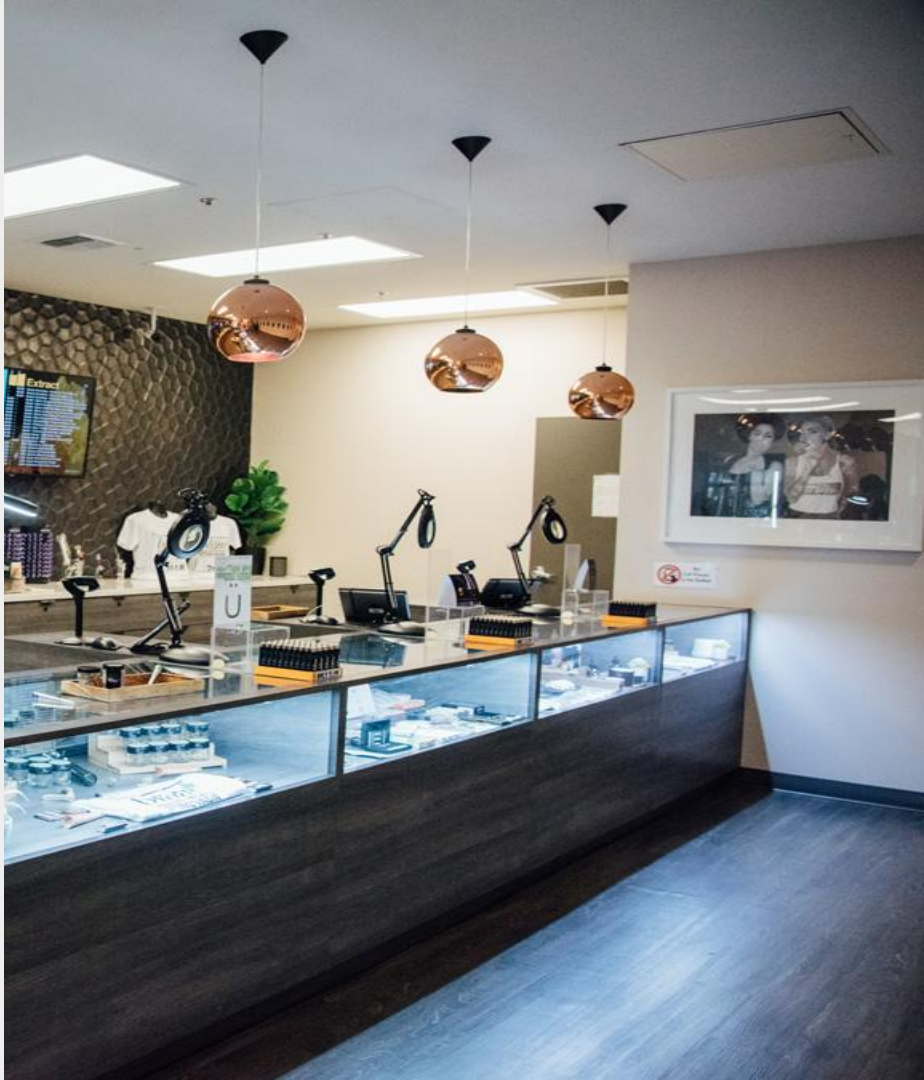
Average Workers
20 PER LOCATION (Jan-17, N=38)

Average Workers
35 PER LOCATION (Dec-17, N=38)

32% firms hire at least some workers via 3rd party services (N=38)

PLANNING TO HIRE MORE WORKERS IN NEXT YEAR (N=38)**:**

76%	24%
YES	NO



MJ INDUSTRY

Financial Snapshot Y-E 2017

Total Yr. Firm Expenses

$107.0 MIL (12/2017, N=37)

Total Yr. Firm Revenues

$132.5 MIL (12/2017, N=37)

Revenue from Recreational Sales

(N=30)

63%

Revenue from Medicinal Sales

(N=30)

37%

COMPETITIVE MARKET PRICE CHAIN

1. As taxes go up, so do production costs, and supply declines.
2. Less supply results in new, higher break-even price leading to less demand.
3. As price rises in legal rec. market, black market price doesn't change, becoming more attractive.
4. Some consumers will opt for black market marijuana.
5. Conclusion: Higher taxes will lead to higher legal market prices, causing higher black market sales and slowing legal market takeover. OVER-TAXING SHOULD BE AVOIDED.

GROWTH
AVOIDING VOLATILITY

GROWTH

GROWING THE MARKET

Drawing consumers away from the illegal market

LIMITS ON GROWTH

Banking Issues
Illegal/Unregulated Market
Regulatory Unpredictability
Overtaxing

SUPPORTING STABILITY

- Stabilize regulatory framework
- Stabilize prices/taxes

VOLATILITY

AVOIDING VOLATILITY

Avoid large scale changes to how business must operate

Avoid overtaxing

Avoid non-licensees or grey market from selling or operating in market

VOLATILITY

In Other States

Oversupply in Oregon

"OREGON MARIJUANA OVERPRODUCTION: STATE PRODUCES THREE TIMES MORE POT THAN CAN LEGALLY BE CONSUMED"—Newsweek, Feb. 4, 2018

Large Drop in Prices Nationwide

"WHOLESALE CANNABIS PRICES HIT HISTORIC LOWS IN JANUARY, BUT DON'T BLAME SESSIONS"—The Cannabist, Jan. 25, 2018

Gray Market Pervasive in Colorado

"MARIJUANA GRAY MARKET"—State of Colorado Office of the Governor, Aug. 16, 2016

Dramatic Fluctuation in California

"THE PRICE OF WEED IN CALIFORNIA COULD BE CUT IN HALF BY LEGALIZATION"—MarketWatch, Apr. 20, 2018

SOURCES

Volatility in Other States

Oversupply in Oregon
http://www.newsweek.com/oregon-marijuana-overproduction-three-times-799090

Large Drop in Prices Nationwide
https://www.thecannabist.co/2018/01/25/marijuana-prices-national-wholesale/97244/

Grey Market Pervasive in Colorado
https://www.colorado.gov/pacific/sites/default/files/16Marijuana0817Marijuana%20Grey%20Market.pdf

Dramatic Fluctuation in California
https://www.marketwatch.com/story/the-price-of-weed-in-california-could-be-cut-in-half-by-legalization-2018-01-04

COMMUNITY IMPACT

CONTRIBUTIONS

Piso's
$40,000 contribution to Veterans Village.

The Source
Largest food drive in Three Square history. Dr. on staff.

Ed and Claudia Bernstein, Esq.
Funded a legal clinic for children in immigration proceedings.

Bobby Ellis
Elementary school recently named for him due to his work with public schools.

CONTRIBUTIONS

Dr. Bady & Dr. Spirtos

Developing and implementing Opiate Replacement Program, Patient Advocacy (including free cannabis therapy advice, financial assistance consideration for MMJ patients, free consultations, MMJ card paperwork assistance), and important research and development. Doctors Holdings donated $1.3mil to UNLV.

Silver State Relief

Consistently maintain a second store for patients, assume the sales tax for patients.

Inyo Fine Cannabis

Sponsored record sealing clinic.

Essence

Wellness Wednesday, nurse on staff.

CONTRIBUTIONS

GBSciences

Marijuana research and development, including Drug Discovery Research based on chemical diversity of cannabis chemovars, High Throughput Screening System (HTS), and Proprietary Network Pharmacology Algorithm (NPP). Other contributions include Parkinson's research and donations to Friends for Parkinson's.

CHARITY, EDUCATION & NETWORKING

Compiled by Sahara Wellness

Women in Wellness

Monthly networking event for female patients who gather to discuss the benefits of medical marijuana with vendors present.

Medical Couples Night

Monthly networking event for couples to learn and share about the benefits and uses of marijuana.

Senior Networking Group

Monthly seniors networking group that work to educate other seniors on the benefits of marijuana.

Educational Classes

Monthly courses that teach students on the aspects of marijuana, from terpenes to CBD, etc.

Community Outreach Group

A quarterly directive to provide meals and essentials to the homeless such as Thanksgiving Dinner, Summer BBQ. Group collects foodstuffs and other goods to share with community and homeless population.

Veterans Meeting

Sahara Wellness provides space for this meeting as well as special pricing for patients, including running everyday veterans specials and providing education to new patients to ensure that they understand the product, its benefits and uses.

NEVADA
DISPENSARY ASSOCIATION

Members delivering safe, regulated products to Nevada’s adult consumers and medical patients.