1. Working group name:

*Taxation/Revenue/Regulatory Structure Working Group*

1. Individual sponsor(s):

*Marla McDade, Williams Strategies 360*

*John Ritter, Nevada Dispensary Association & Owner*

*Steve Gilbert, Program Manager, Medical Marijuana Program*

*Neil Krutz, Assistant City Manager, City of Sparks*

*Jennifer Wilcox, Essence Cannabis Dispensary*

*Amanda Connor, Attorney at Connor & Connor - Marijuana law*

1. Describe the recommendation:

These recommendations start with the application process for permanent regulations. They include excerpts (bolded) from IP 1 as a starting point.

*From NRS 453D.200, Section 1:*

***Procedures for the issuance, renewal, suspension, and revocation of a license to operate a marijuana establishment***

***Qualifications for licensure that are directly and demonstrably related to the operation of a marijuana establishment;***

***Requirements for the security of marijuana establishments;***

***Requirements to prevent the sale or diversion of marijuana and marijuana products to persons under 21 years of age;***

***Requirements for the packaging of marijuana and marijuana products, including requirements for child-resistant packaging;***

***Requirements for the testing and labeling of marijuana and marijuana products sold by marijuana establishments including a numerical indication of potency based on the ratio of THC to the weight of a product intended for oral consumption;***

1. *The Department should maintain an email list of parties who request to be kept up to date on initiatives coming out of the department, including application information, regulatory notices, and policies and procedures.*
2. *The Department should have a separate section on its website to provide current information to interested parties.*
3. *Applications should provide for a scoring system based on criteria established in the initiative petition and the regulations.*
4. *Establishments should designate one person who is able to respond to questions from the Department. This person may delegate responses to such inquires to other persons, but he is ultimately responsible for the decisions made pursuant to his delegation. Regulatory requirements.*
5. *The Department should assess the number of establishments each year to determine if there are enough establishments and should announce that decision via its email list and post the decision on its website.*
6. *The application submitted by an applicant must include the following provisions, which must be rated by the Department and applications approved based on the highest scoring applications. An application must include:*

*(I) The legal name of the proposed medical marijuana establishment;*

*(II) The physical address where the proposed medical marijuana establishment will be located and the physical address of any co-owned additional or otherwise associated medical marijuana establishments, the locations of which must meet the distance requirements as specified in the initiative petition;*

*(III) 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 and complying with the respective provisions of the initiative petition;*

*(IV) Evidence that the applicant owns the property on which the proposed medical marijuana establishment will be located or has the written permission of the property owner to operate the proposed medical marijuana establishment on that property;*

*(V) For the applicant and each person who is proposed to be an owner, officer or board member of the proposed medical marijuana establishment, a complete set of the person’s fingerprints and written permission of the person authorizing the Department to forward the fingerprints to the Central Repository for Nevada Records of Criminal History for submission to the Federal Bureau of Investigation for its report;*

*(VI) The name, address and date of birth of each person who is proposed to be an owner, officer or board member of the proposed medical marijuana establishment; and*

*(VII) The name, address and date of birth of each person who is proposed to be employed by or otherwise provide labor at the proposed medical marijuana establishment as a medical marijuana establishment agent;*

*(3) Operating procedures consistent with rules of the Department for oversight of the proposed medical marijuana establishment, including an identification of how the establishment shall:*

*(a) Secure every entrance to the establishment so that access to areas containing marijuana is restricted to persons authorized to possess marijuana;*

*(b) Secure the inventory and equipment of the marijuana establishment during and after operating hours to deter and prevent theft of marijuana;*

*(c) Determine the criminal history of any person before the person works or volunteers at the marijuana establishment and prevent any person who has been convicted of an excluded felony offense or who is not 21 years of age or older from working or volunteering for the marijuana establishment.*

1. *Whether it intends to have any operations that are uncovered, and if so, how it proposes to secure the area and prevent public view of the operations intended to be uncovered.*
2. *How it intends to comply with provisions related to inspections conducted by the Department,*

*(I) Procedures to ensure the use of adequate security measures; and*

*(II) The use of an inventory control system that must be able to monitor and report information, including, without limitation.*

*(4) If the proposed medical marijuana establishment will sell or deliver edible marijuana products or marijuana-infused products, proposed operating procedures for handling such products;*

*(5) If the city, town or county in which the proposed medical marijuana establishment will be located has enacted zoning restrictions, proof of licensure with the applicable local governmental authority or a letter from the applicable local governmental authority certifying that the proposed medical marijuana establishment is in compliance with those restrictions and satisfies all applicable building requirements; and*

*(6) Such other information as the Department has required by regulation;*

*The Department shall require an applicant to:*

* *Declare that none of the persons who are proposed to be owners, officers or board members of the proposed medical marijuana establishment have been convicted of an excluded felony offense; and*
* *None of the persons who are proposed to be owners, officers or board members of the proposed medical marijuana establishment have:*

*(1) Served as an owner, officer or board member for a marijuana establishment that has had its marijuana establishment registration certificate revoked; or*

*(2) Previously had a marijuana establishment agent registration card revoked; and*

*(d) None of the persons who are proposed to be owners, officers or board members of the proposed medical marijuana establishment are under 21 years of age.*

*In determining whether to issue a marijuana establishment registration certificate pursuant to NRS 453A.322, the Department shall, in addition to the factors set forth in the preceding sections, consider the following criteria of merit:*

*1.  The total financial resources of the applicant, both liquid and illiquid;*

*2.  The previous experience of the persons who are proposed to be owners, officers or board members of the proposed marijuana establishment at operating other businesses or nonprofit organizations;*

*3.  The educational achievements of the persons who are proposed to be owners, officers or board members of the proposed marijuana establishment;*

*4.  Any demonstrated knowledge or expertise on the part of the persons who are proposed to be owners, officers or board members of the proposed marijuana establishment with respect to the compassionate use of marijuana to treat medical conditions;*

*5.  Whether the proposed location of the proposed marijuana establishment would be convenient to serve the needs of persons who are authorized to engage in the use of marijuana;*

*6.  The likely impact of the proposed medical marijuana establishment on the community in which it is proposed to be located;*

*7.  The adequacy of the size of the proposed medical marijuana establishment to serve the needs of persons who are authorized to engage in the use of marijuana;*

*8.  Whether the applicant has an integrated plan for the care, quality and safekeeping of medical marijuana from seed to sale;*

*9.  The amount of taxes paid to, or other beneficial financial contributions made to, the State of Nevada or its political subdivisions by the applicant or the persons who are proposed to be owners, officers or board members of the proposed marijuana establishment; and*

*10.  Any other criteria of merit that the Department determines to be relevant.*

*4.  For each person who submits an application pursuant to this section, and each person who is proposed to be an owner, officer or board member of a proposed medical marijuana establishment, the Department shall submit the fingerprints of the person to the Central Repository for Nevada Records of Criminal History for submission to the Federal Bureau of Investigation to determine the criminal history of that person.*

*5.   A marijuana establishment registration certificate expires 1 year after the date of issuance and may be renewed upon:*

*(a) Resubmission of the information set forth in this section; and*

*(b) Payment of the renewal fee.*

***Requirements for record keeping by marijuana establishments;***

* *Require an inventory control system that tracks product from seed-to-sale and monitors the chain of custody and current whereabouts, in real time, of medical marijuana from the point that it is harvested at a cultivation facility until it is sold at a medical marijuana dispensary and, if applicable, if it is processed at a production facility*

***Reasonable restrictions on signage, marketing, display, and advertising;***

* *An establishment must comply with all local ordinances and rules pertaining to zoning, land use and signage and any separate requirements established by the Department through regulation. An establishment shall attest that it meets local ordinances and rules and must demonstrate how it will comply with the Department’s regulations in the application submitted.*

***Procedures and requirements to enable the transfer of a license for a marijuana establishment to another qualified person and to enable a licensee to move the location of its establishment to another suitable location;***

* *The Department should adopt regulations allowing the wholesale transfer of a license to a new ownership group after the proposed owners demonstrate they do not have any disqualifying conditions or have not previously had a marijuana certificate or license revoked or suspended.*
* *If the proposed new owners do not have any excluded felony offenses, have demonstrated they have $250,000 in liquid assets to assume the operations of the transferred certificate, and have not had a certificate revoked, the Department must process the ownership transfer. It is not an approval process. The Department will notify the local government jurisdiction in which the establishment is located of the ownership change. If a local government does not approve the ownership change, the Department shall revoke the marijuana license.*
* *If a certificate has been suspended, the proposed new owner or owners may submit information to the Department identifying the situation, and the Department may approve or reject the transfer based on the information submitted.*

***Procedures and requirements to enable a dual licensee to operate medical marijuana establishments and marijuana establishments at the same location;***

* *The Department should adopt the temporary regulations it has put forward as the permanent regulations in reference to dual licensees.*

***Procedures to establish the fair market value at wholesale of marijuana; and***

***Civil penalties for the failure to comply with any regulation adopted pursuant to this section or for any violation of the provisions of NRS 453D.300.***

* *The Department should adopt the temporary regulations it has put forward as the permanent regulations in reference to civil penalties.*

1. Which guiding principle(s) does this recommendation support?

*Guiding Principle 7 - Take action that is faithful to the text of Question 2*

1. What provision(s) of Question 2 does this recommendation apply to?
2. What issue(s) does the recommendation resolve?
3. 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?
2. Additional information (cost of implementation, priority according to the recommendations, etc).