Inventory Tracking and Separation of Product - Recommendation

1. Working group name:

Retail Establishments

2. Individual sponsor(s):

Andrew Jolley, President, Nevada Dispensary Association

3. Describe the recommendation:

The Retail Establishments working group recommends that to the degree possible, dual licensed medical marijuana establishments (MMEs) and recreational marijuana establishments (RMEs) should not be required to segregate inventory into medical and recreational products. Although some segregation and delineation may be required based on current tax structures, the working group recommends that to the degree possible, all marijuana products should be inventoried and handled the same way until the point of sale.

These recommendations are based on the following propositions:

- Segregating inventory into medical and recreational products would lead to operational inefficiencies and will ultimately increase the cost to patients and consumers;
- The Nevada medical marijuana program leads the nation in its inventory and tracking standards;
- The Nevada medical marijuana program has been successful in protecting patient and public health and safety;
- Colorado operators and regulators have advised Nevada legislators to avoid the inefficiencies and confusion that results from unnecessarily segregating product inventory; and
- Products can be designated as a medical or recreational purchase at the point of sale for tax and reporting purposes.

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

Efficient inventory management promotes the guiding principle to be responsive to the needs and issues of consumers, non-consumers, local governments, and the industry. The measure would also promote efficient and effective regulations that are clear and reasonable and not unduly burdensome.

5. What provision(s) of Question 2 does this recommendation apply to?

This recommendation applies to Initiative Petition 1 ("IP1"), Section 5, which bestows the responsibility for regulating recreational marijuana in the Department of Taxation. Section 13.1.b requires MREs to “Secure the inventory and equipment of the marijuana establishment during and after operating hours to deter and prevent theft of marijuana.” Allowing products to
be stored together and not requiring unnecessary segregation and delineation will assist MREs to operate more efficiently and to better secure inventory.

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

Allowing products to be stored together and not requiring unnecessary segregation and delineation will assist MREs to operate more efficiently and to better secure inventory.

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

Jennifer DeLett-Snyder of Join Together Northern Nevada and the Nevada Statewide Coalition Partnership dissents for this reason: medical marijuana is currently regulated by the Department of Public and Behavioral Health as a medicinal product. If medical marijuana continues to be viewed by the state as a medical product, regardless of the regulatory department, the product should remain separated from other marijuana products that will be sold to the general public for recreational purposes.

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

This recommendation can be taken by Department of Taxation as a general guideline when promulgating regulations that will affect inventory management. Additionally, in the event that tax structures for medical and recreational products become normalized, this recommendation can be implemented to apply to all or most products in dual licensed facilities.

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

The intent of this recommendation is to save money.
1. Working group name:

Retail Establishments

2. Individual sponsor(s):

Mona Lisa Samuelson - Marijuana Advocate  
Wes Henderson - Executive Director, Nevada League of Cities & Municipalities

3. Describe the recommendation:

The Operations Retail Establishment working group recommends the Department of Taxation include provisions in any regulation giving preference in a dual-use licensed facility to holders of a medical marijuana card.

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

Guiding Principle 2 - Be responsive to the needs and issues of consumers, non-consumers, local governments and the industry.

Guiding Principle 4 - “Propose efficient and effective regulation that is clear and reasonable and not unduly burdensome”.

5. What provision(s) of Question 2 does this recommendation apply to?

Section 5(1)(k) of the initiative.

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

The inconvenience for medical marijuana patients due to an increase of traffic in the dual use license facilities.

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

No

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

Not known
9. Additional information (cost of implementation, priority according to the recommendations, etc).

*Not known*
1. Working group name:

   Operations- Retail Establishment

2. Individual sponsor(s):

   Riana Durrett, Executive Director, Nevada Dispensary Association

3. Describe the recommendation:

   The Operations- Retail Establishment working group recommends that the Department of Taxation (“Department”) apply the medical marijuana program regulations to the retail marijuana program, with certain exceptions. Nevada’s medical marijuana program is exemplary in many areas and the medical marijuana regulations should be adopted and applied to recreational marijuana, with the exceptions identified and discussed below. The exceptions below pertain to dispensaries as other working groups are expected to address the regulations that pertain to their designated subject matter.

   The regulations promulgated under IP1 should be codified in a separate sub-chapter, for example, NAC 453D.

   1) Application to Operate Establishment

   NAC 453A.304 to NAC 453A.332 provide the requirements for applying for and renewing a license to operate a medical marijuana establishment. These requirements would need to be revised to reflect the mandates under IP1, including the provisions for dual licensure.

   2) Entry and Identification of Patients/Customers

   Under NAC 453A.406, a person must be a patient or primary caregiver to be on the premises of a dispensary, other than registered agents and properly authorized visitors.

   NAC 453D should only limit persons under 21 years of age from entering a dispensary. Those persons should be limited to the retail/customer area and not allow access to restricted areas, unless they are a properly authorized visitor who is accompanied and monitored by a registered agent at all times. NAC 453D should adopt the same provisions as NAC453A with regards to visitor access, visitor identification, visitor logs, etc.

   NAC 453D should specify that any person can enter the dispensary by showing proof they are 21 years of age or proof they are a patient or caregiver. However, persons entering the dispensary who wish to go beyond the customer/retail area of the dispensary must be a registered agent, properly authorized visitor, or law enforcement or regulator.
Any dispensary that allows entry of those under 21 years of age that is not properly authorized shall be subject to disciplinary action ranging from a fine to revocation, depending on the culpability of the dispensary.

3) Patient Records

NAC 453A.452 sets forth the requirements pertaining to patient records and requiring documentation for denial of sales to a patient. NAC453D should eliminate this requirement.

4) Tracking Sales

Under NAC 453A.412, a dispensary agent must verify patient identification, offer education materials, verify purchase would not exceed patient’s 2.5 ounce limit, verify the validity of the patient card, and enter the patient’s identification, purchase amount, and information about the dispensary into the on-line portal and inventory control system.

NAC 453D should eliminate each of these requirements. NAC453D should only impose the 1-ounce purchase limit, but not require a customer to show any identifying information, other than proof that the person is over 21 years of age and it should not require the dispensary to document any information provided by the customer.

5) Labeling

Under NAC453A.510, the dispensary must affix a label to each product that includes various information, such as patient name. Under IP1, the Department should revise the requirements for labeling retail marijuana to reflect the provision in IP1 that precludes the Department from tracking customer information.

Further, the Department should require dispensaries to include label information with each purchase, but it should not require each dispensary to “affix” the label to the product. Dispensaries have faced unnecessary challenges from the requirement to “affix” the label because some products are too small for a label. The dispensary should be required to provide the label information with the purchase, just as prescription drug information is often provided in a separate booklet with the purchase of the prescription.

Further modifications to the labeling requirements should be addressed in a separate recommendation.

6) Purchase limits

NAC 453A.412 requires verification of patient purchase limits and requires dispensaries to only sell within those limits. Any limits under NAC453D would be 1 ounce of marijuana or 1/8th of an ounce of concentrated cannabis, per IP1, but the dispensary is not required to track recreational purchase amounts as required they are under the medical marijuana program.
7) **Training**

Training is currently addressed under NAC 453A.336. The same training should be required under NAC 453, but should be expanded. Further training requirements will be proposed in a separate recommendation.

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

   This recommendation promotes efficient and effective regulations that are clear and reasonable and not unduly burdensome.

5. What provision(s) of Question 2 does this recommendation apply to?

   This recommendation applies to Initiative Petition 1 ("IP1"), Section 5, which vests the responsibility for regulating recreational marijuana in the Department of Taxation and allows for a “dual license” of retail and medical establishments.

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

   The sponsor of this recommendation and leaders in the medical marijuana industry, including legislators and regulators, strongly recommend that the Department adopt the medical marijuana regulations to regulate the retail marijuana market, with specific exceptions and adaptations. The medical marijuana regulations lead the nation in testing, tracking, safety, etc. However, not all of the current regulations are compatible or consistent with IP1 and thus some must be revised to comport with IP1. The regulations that pertain to dispensaries that must be revised to comport with IP1 are addressed above.

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

   No

8. What action(s) will be necessary to adopt the recommendation? Will statute, policy, regulations, etc. need to be addressed?

   The Department will need to promulgate regulations pertaining to the retail marijuana program, as mandated by IP1. The Department should adopt the same regulations that apply to the medical marijuana, with specific exceptions. The exceptions that apply to dispensaries are discussed above.

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

   Not known