1. Working group name:

*Taxation/Revenue/Regulatory Structure Working Group*

1. Individual sponsor(s):

*David Goldwater, Former Legislator / Owner*

*Dagny Stapleton, Nevada Association of Counties*

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

1. Describe the recommendation:

*The Taxation/Revenue/Regulatory Structure Working Group recommends an additional tax on retail marijuana at the point of sale at a rate of 10%. This recommended tax is in addition to the 15% tax collected at the wholesale level. Governor Sandoval, in his State of the State message, recommended this new tax in addition to those taxes found in Question 2. The working group placed considerable weight on his recommendation and considered the rate. The 10% component rate is consistent an overall target rate of 30% total taxation for the retail product. This target rate is consistent with other jurisdictional findings that the balance between a healthy, regulated industry and a shrinking black market is around 30% total taxation. While the working group was reluctant to recommend how the new tax should be allocated, understanding the impacts on local government, law enforcement, communities, and agencies should all be considered when policy makers decide on allocation.*

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

*Guiding Principle 1 -Promote the health, safety, and well-being of Nevada’s communities*

*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.*

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

*Question 2 imposed a 15 percent excise tax on marijuana sales by cultivation facilities (wholesale). It mandated that annual State licensing fees range from $3,300 to $30,000, depending on the type of license. Question 2 was designed to allocate revenue from the tax, licensing fees, and penalties first to the Department of Taxation and local governments to cover costs related to the measure, and then all remaining revenue to the State Distributive School Account. Recommending an additional tax at retail point of sale is consistent with the concepts of value added taxation found in Question 2.*

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

*This recommendation accomplishes 3 objectives: 1) It provides revenue for important State priorities from a product that is considered a discretionary purchase for most people, 2) it is still a low enough rate to keep the price disparity between legal, regulated businesses and illegal, black market operators small enough to discourage a significant black market from arising, and, 3) it creates a significant enough difference in the retail price from medical marijuana that medical patients will have a financial incentive to continue to participate in the medical program.*

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

*There was little or no dissent regarding this recommendation.*

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

*There will need to be legislative action to adopt this recommendation. As this recommendation is consistent with the Governor’s recommended budget, the recommended statutory changes will be in legislation supported by the Governor’s office.*

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

*None*