1. Working group name:

*Taxation/Revenue/Regulatory Structure Working Group*

1. Individual sponsor(s):

*Dagny Stapleton, Nevada Association of Counties*

*David Goldwater, Former Legislator / Owner*

1. Describe the recommendation:

*The Taxation/Revenue/Regulatory Structure Working Group recognizes that local government, as critical partners in the delivery of services to Nevada’s citizens, and stewards of the health safety and welfare of Nevada’s communities, should share in the revenues generated from the creation and taxation of the marijuana industry in Nevada.  The voters of Nevada recognized this and spoke to it in Question 2. The Working Group also recognizes that the target tax rate at retail is approximately 30%, and that more than that could drive the expansion of a black market. The Working Group recommends that local government should receive a share of revenues generated by this new industry, both so that they share in the financial benefits from legalization of marijuana, as well as to partially mitigate the impacts that will be felt at local government levels throughout the State.*

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?

*The preamble to Question 2 states that the cultivation and sale of marijuana “should be regulated similar to other legal businesses,” and”… in a manner similar to alcohol.” Like alcohol, a discretionary purchase for most people yet one that requires a strict regulatory structure, revenues from the taxation of marijuana are intended to support and provide a benefit to both State and local government in Nevada. Question 2 also imposes an excise tax and creates State licensing fees to ensure that some revenue can be dedicated to the costs related to carrying out the legalization of marijuana and the regulation of the related industry. Supporting the receipt of revenue for local government is consistent with these provisions. Public safety and land use regulation are also referenced in Question 2 - ensuring that local governments receive a share of revenue will support them in carrying out those services as well as the many others that they are mandated to provide to Nevada’s citizens including the provision of various health and human services, indigent medical care and legal defense, the collection of taxes, the creation and maintenance of local infrastructure and emergency response.*

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

*This recommendation provides revenue for critical local government services from a product that is considered a discretionary purchase for most people. This recommendation affirms that the aggregate tax rate at retail should remain low enough to keep the price disparity between legal, regulated businesses and illegal, black market operators small enough to discourage a significant black market.*

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?

*Currently local governments have the authority to impose business license fees; however, to place a cap on those fees, legislation would be needed. Legislation would also be required to impose an additional excise tax.*

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

*None*