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Agency: Department of Taxation

Permanent Regulation
LCB File No. **R052-23**

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REGULATIONS ONLY

Effective date _____

Expiration date _____

Governor's signature

Classification: ADOPTED BY AGENCY

Brief description of action: The Nevada Tax Commission adopted LCB File No. **R052-23**, establishes certain requirements relating to the excise tax on cannabis concerning cannabis and adult-use cannabis products obtained or purchased by a cannabis consumption lounge; requires an adult-use cannabis retail store to document and report to the Department of Taxation each sale of cannabis or an adult-use cannabis product to an independent cannabis consumption lounge; impose and revise certain requirements relating to the keeping of records concerning the excise tax on cannabis; impose certain requirements on cannabis sales facilities and cannabis consumption lounges relating to the payment of sales tax; revise the manner in which the Department will calculate the fair market value at wholesale of cannabis; eliminate certain obsolete and duplicative provisions; and provide other matters properly relating thereto.

Authority citation other than 233B: NRS 360.090 and NRS 360.245

Notice date: October 30, 2024

Date of Adoption by Agency: December 4, 2024

Hearing date: December 4, 2024

**APPROVED REGULATION OF THE
NEVADA TAX COMMISSION**

LCB File No. R052-23

Filed December 19, 2024

EXPLANATION – Matter in *italics* is new; matter in brackets [~~omitted material~~] is material to be omitted.

AUTHORITY: §§ 1, 3-5, 7-9, 11-16, 18 and 19, NRS 360.090 and 372A.050; §§ 2, 6, 10 and 17, NRS 360.090, 372A.050 and 678B.640.

A REGULATION relating to taxation; establishing certain requirements relating to the excise tax on cannabis concerning cannabis and adult-use cannabis products obtained or purchased by a cannabis consumption lounge; requiring an adult-use cannabis retail store to document and report to the Department of Taxation each sale of cannabis or an adult-use cannabis product to an independent cannabis consumption lounge; imposing and revising certain requirements relating to the keeping of records concerning the excise tax on cannabis; imposing certain requirements on cannabis sales facilities and cannabis consumption lounges relating to the payment of sales tax; revising the manner in which the Department will calculate the fair market value at wholesale of cannabis; eliminating certain obsolete and duplicative provisions; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law imposes an excise tax on each retail sale of cannabis or cannabis products by an adult-use cannabis retail store or cannabis consumption lounge at the rate of 10 percent of the sales price of the cannabis or cannabis products. Existing law also imposes an excise tax on the first wholesale sale of cannabis by a medical or adult-use cannabis cultivation facility to another cannabis establishment at the rate of 15 percent of: (1) the fair market value at wholesale of the cannabis, if the sale is made to an affiliate of the medical or adult-use cannabis cultivation facility; or (2) the sales price of the cannabis, if the sale is made to a cannabis establishment that is not an affiliate of the medical or adult-use cannabis cultivation facility. (NRS 372A.290) Existing regulations set forth various procedures and requirements concerning the excise tax on cannabis. (NAC 372A.100-372A.160)

Existing law authorizes a retail cannabis consumption lounge to obtain from the adult-use cannabis retail store to which the lounge is attached or immediately adjacent: (1) single-use cannabis products for the purposes of resale; and (2) cannabis or cannabis products for the

purposes of producing ready-to consume cannabis products to be sold to customers of the lounge. (NRS 678D.470) Existing law similarly authorizes an independent cannabis consumption lounge to obtain such cannabis and cannabis products for such purposes from an adult-use cannabis retail store with which the lounge has entered into a contract. (NRS 678D.475) Existing regulations require a taxpayer, in each month following a month for which the taxpayer is subject to the imposition of the excise tax on cannabis, to file with the Department of Taxation a return and remit to the Department any tax due for the month covered by the return. (NAC 372A.160)

Sections 11 and 12 of this regulation provide that any cannabis or adult-use cannabis product obtained or purchased by a cannabis consumption lounge is not subject to the excise tax on cannabis and must not be included in the measure of the tax on a tax return until the cannabis consumption lounge: (1) for a single-use cannabis product, sells the single-use cannabis product to a customer of the lounge; or (2) uses the cannabis or adult-use cannabis product to prepare a ready-to-consume cannabis product and sells the ready-to-consume cannabis product to a customer of the lounge.

Section 13 of this regulation requires each adult-use cannabis retail store that has entered into a contract with an independent cannabis consumption lounge to sell cannabis and cannabis products to the lounge to document each sale of cannabis or an adult-use cannabis product to the lounge on a form prescribed by the Department and submit the form with the tax return required to be filed by the adult-use cannabis retail store concerning the excise tax on cannabis. **Section 13** additionally requires an adult-use cannabis retail store or independent cannabis consumption lounge that has entered into such a contract to maintain a copy of the contract and make the copy available to the Department upon request.

Section 14 of this regulation provides that sales of cannabis and cannabis products to a consumer by a cannabis sales facility or cannabis consumption lounge are subject to sales tax and sets forth certain requirements concerning the imposition of sales tax on such sales.

Existing law requires each person responsible for maintaining the records of a person subject to the excise tax on cannabis to keep such records as may be necessary to determine the amount of the liability of the taxpayer for the excise tax on cannabis. (NRS 372A.270) **Section 15** of this regulation provides that such records: (1) may include receipts, invoices and other pertinent papers; and (2) must be kept in such form as required by the Department.

Before the enactment of Assembly Bill No. 430 (A.B. 430) of the 2023 Legislative Session, existing law required the Department to adopt regulations to establish procedures to determine the fair market value at wholesale of cannabis. (NRS 678B.640) A.B. 430 amended that requirement to require that such regulations provide that the fair market value of cannabis: (1) will be calculated and published by the Department on a quarterly basis not more than 30 days after the end of each calendar quarter; and (2) is the median sales price for wholesale sales between cannabis cultivation facilities and cannabis establishments that are not affiliates, per pound or each, during the calendar quarter. (NRS 678B.640, as amended by section 9 of Assembly Bill No. 430, chapter 450, Statutes of Nevada 2023, at page 2753) Existing regulations adopted before the enactment of A.B. 430 establish various categories of cannabis and set forth the manner in which the Department will calculate the fair market value at wholesale of cannabis for those categories. (NAC 372A.155) **Section 17** of this regulation revises the manner by which the Department will calculate the fair market value at wholesale of a category of cannabis to

conform to the requirements imposed by A.B. 430. Additionally, **section 17** revises the categories of cannabis for which the Department will calculate the fair market value at wholesale.

Before the enactment of A.B. 430, existing law imposed the excise tax on cannabis on each wholesale sale in this State of cannabis by a medical or adult-use cannabis cultivation facility to another cannabis establishment. (NRS 372A.290) A.B. 430 revised provisions imposing the excise tax on wholesale sales of cannabis to apply the tax only to the first wholesale sale in this State of cannabis. (NRS 372A.290, as amended by section 7 of Assembly Bill No. 430, chapter 450, Statutes of Nevada 2023, at page 275) **Section 18** of this regulation removes provisions of existing regulations that have been rendered duplicative of provisions of existing law after the enactment of A.B. 430. **Section 18** also revises provisions requiring each taxpayer to keep documentation for verification that the excise tax on wholesale sales of cannabis was paid to instead require all taxpayers, whether subject to the excise tax on wholesale sales or retail sales of cannabis, to keep documentation for verification that the applicable excise tax on cannabis was properly reported and paid.

Sections 2-10 of this regulation define words and terms used in this regulation. **Section 16** of this regulation makes a conforming change to apply those definitions and definitions in existing law to existing regulations relating to the excise tax on cannabis and **sections 2-15**.

Section 19 of this regulation repeals certain obsolete provisions concerning the administration and enforcement of certain taxes imposed on certain sales of cannabis by a marijuana cultivation facility or retail marijuana store.

Section 1. Chapter 372A of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 15, inclusive, of this regulation.

Sec. 2. *“Adult-use cannabis product” has the meaning ascribed to it in NRS 678A.055.*

Sec. 3. *“Affiliate” has the meaning ascribed to it in NRS 372A.290.*

Sec. 4. *“Cannabis sales facility” has the meaning ascribed to it in NRS 678A.130.*

Sec. 5. *“Independent cannabis consumption lounge” has the meaning ascribed to it in NRS 678A.157.*

Sec. 6. *“Pre-roll” means an individual cannabis cigarette or joint.*

Sec. 7. *“Ready-to-consume cannabis product” has the meaning ascribed to it in NRS 678A.227.*

Sec. 8. *“Retail cannabis consumption lounge” has the meaning ascribed to it in NRS 678A.237.*

Sec. 9. *“Single-use cannabis product” has the meaning ascribed to it in NRS 678A.238.*

Sec. 10. *“Wholesale sale” has the meaning ascribed to it in NRS 372A.290.*

Sec. 11. *Any cannabis or adult-use cannabis product obtained by a retail cannabis consumption lounge from the adult-use cannabis retail store to which the retail cannabis consumption lounge is attached or immediately adjacent is not subject to the excise tax on cannabis and must not be included in the measure of the tax on a return required by NAC 372A.160 until the retail cannabis consumption lounge:*

1. For a single-use cannabis product, sells the single-use cannabis product to a customer of the lounge; or

2. Uses the cannabis or adult-use cannabis product to prepare a ready-to-consume cannabis product and sells the ready-to-consume cannabis product to a customer of the lounge.

Sec. 12. *Any cannabis or adult-use cannabis product purchased by an independent cannabis consumption lounge from an adult-use cannabis retail store with which the independent cannabis consumption lounge has entered into a contract pursuant to NRS 678D.475 is not subject to the excise tax on cannabis and must not be included in the measure of the tax on a return required by NAC 372A.160 until the independent cannabis consumption lounge:*

1. For a single-use cannabis product, sells the single-use cannabis product to a customer of the lounge; or

2. Uses the cannabis or adult-use cannabis product to prepare a ready-to-consume cannabis product and sells the ready-to-consume cannabis product to a customer of the lounge.

Sec. 13. *1. Each adult-use cannabis retail store that has entered into a contract with an independent cannabis consumption lounge pursuant to NRS 678D.475 shall:*

(a) Document on a form prescribed by the Department each sale of cannabis or an adult-use cannabis product by the adult-use cannabis retail store to the independent cannabis consumption lounge; and

(b) Submit the form described in paragraph (a) to the Department with each return required by NAC 372A.160.

2. Each adult-use cannabis retail store and independent cannabis consumption lounge shall maintain a copy of any contract entered into pursuant to NRS 678D.475 and make the copy available to the Department upon request.

Sec. 14. *Sales of cannabis and cannabis products to a consumer by a cannabis sales facility or cannabis consumption lounge are subject to sales tax. Each cannabis sales facility and cannabis consumption lounge shall obtain a permit pursuant to NRS 360.5971 or register pursuant to NRS 360B.200. Returns must be filed and payments must be remitted in accordance with the provisions of chapters 372 and 374 of NRS.*

Sec. 15. *The records required by paragraph (a) of subsection 1 of NRS 372A.270:*

1. May include receipts, invoices and other pertinent papers; and

2. Must be kept in such form as required by the Department.

Sec. 16. NAC 372A.100 is hereby amended to read as follows:

372A.100 As used in NAC 372A.100 to 372A.160, inclusive, *and sections 2 to 15, inclusive, of this regulation*, unless the context otherwise requires, the words and terms defined in NAC 372A.102 to 372A.140, inclusive, *and sections 2 to 10, inclusive, of this regulation* have the meanings ascribed to them in those sections.

Sec. 17. NAC 372A.155 is hereby amended to read as follows:

372A.155 ~~The~~

1. During the month immediately following the end of each calendar quarter, but not later than 30 days after the end of the calendar quarter, the Department will ~~calculate~~ :

(a) Calculate the fair market value at wholesale ~~using the reported sales or transfer of cannabis in~~ of each category of cannabis described in ~~this section~~ subsection 3 using the methodology described in ~~subsections 1 to 6, inclusive.~~ this section; and

(b) Post on the Internet website of the Department the fair market value at wholesale of each category of cannabis described in subsection 3.

2. The fair market value at wholesale of each category of cannabis becomes effective on the first day of the month immediately following the month in which the fair market value at wholesale is posted on the Internet website of the Department pursuant to paragraph (b) of subsection 1.

3. The fair market value at wholesale of:

~~++~~ *(a) Cannabis bud must be calculated on the basis of the total weight of all cannabis bud that is sold, excluding the inadvertent inclusion of an inconsequential amount of cannabis bud in a sale of cannabis trim.*

~~12.~~ (b) Cannabis trim must be calculated on the basis of the total weight of all cannabis trim that is sold, including the total weight of an inconsequential amount of cannabis bud which is inadvertently included.

~~13.~~ (c) Immature cannabis plants must be calculated on the basis of the total number of immature cannabis plants sold.

~~14.~~ (d) Whole wet cannabis plants must be calculated on the basis of the total weight of the entire whole wet cannabis plant. A cannabis cultivation facility shall maintain records of the time each batch containing whole wet cannabis plants is harvested and weighed which contain the weight of each plant, are in writing and are created contemporaneously with the harvesting and weighing. To determine the total weight of the whole wet cannabis plant:

~~1(a).~~ (1) The plant must not undergo any further processing, including, without limitation, drying the plant and subsequently selling separately the cannabis bud and cannabis trim from the plant, before being weighed; and

~~1(b).~~ (2) The plant must be weighed within 2 hours after the harvesting of the batch containing the plant and without any further processing of the plant, including, without limitation, increasing the ambient temperature of the room in which the plant is held or drying, curing or trimming the plant. If the whole wet cannabis plant is not weighed within 2 hours after the harvest of the batch containing the plant or is subjected to further processing, the fair market value at wholesale of the plant must not be calculated ~~using~~ *pursuant to* this ~~subsection~~ *paragraph* and must be calculated ~~using subsection 1 or 2.~~

~~5. Cannabis seeds must be calculated on the basis of the total number of seeds sold.~~

~~6.~~ *pursuant to paragraph (a) or (b).*

(e) Pre-rolls must be calculated on the basis of the total weight of all cannabis that is contained in a pre-roll that is assembled and sold by a cannabis cultivation facility.

(f) Any other category of cannabis must be determined by the Department on a case-by-case basis.

4. To calculate the fair market value at wholesale of a category of cannabis described in subsection 3, the Department will:

(a) Identify each wholesale sale of cannabis in the category between a cannabis cultivation facility and another cannabis establishment that is not an affiliate of the cannabis cultivation facility that occurred in the immediately preceding calendar quarter, as recorded by computer software used by the Cannabis Compliance Board for the seed-to-sale tracking of cannabis. If the Department determines that an insufficient number of such sales occurred in the immediately preceding calendar quarter to determine a median sales price that is statistically valid, the Department may additionally identify wholesale sales of cannabis in the category between a cannabis cultivation facility and another cannabis establishment that is not an affiliate of the cannabis cultivation facility that occurred in each immediately preceding calendar quarter until a sufficient number of such sales are identified to draw a statistically valid conclusion.

(b) Standardize the sales prices for all wholesale sales identified pursuant to paragraph (a) by adjusting the actual sales price for each wholesale sale to an amount that reflects the sales price per pound or per unit, as applicable. If subsection 3 requires the fair market value at wholesale of the category of cannabis to be calculated on the basis of:

(1) Total weight, the sales prices must be adjusted to amounts that reflect sales prices per pound.

(2) Total number sold, the sales prices must be adjusted to amounts that reflect the sales prices per unit.

(c) Identify each wholesale sale identified pursuant to paragraph (a):

(1) That was recorded as an internal transfer, sample, display, promotion, tester or trial;
or

(2) For which the sales price, after being standardized pursuant to paragraph (b), was less than 15 percent or more than 500 percent of the fair market value at wholesale of the category of cannabis at the time in which the sale was made.

(d) Determine the median of all the standardized sales prices determined pursuant to paragraph (b), but not including any wholesale sale identified pursuant to paragraph (c).

5. The fair market value at wholesale of a category of cannabis calculated by the Department pursuant to subsection 1 must be equal to the median standardized price determined pursuant to paragraph (d) of subsection 4.

6. As used in this section, "calendar quarter" means a period of 3 consecutive months commencing on the first day of March, June, September or December in any year.

Sec. 18. NAC 372A.160 is hereby amended to read as follows:

372A.160 1. Each taxpayer shall, on or before the last day of the month immediately following each month for which the taxpayer is subject to the imposition of the excise tax on cannabis, file with the Department a return on a form prescribed by the Department and remit to

the Department any tax due for the month covered by the return. Each taxpayer shall file a return even if the taxpayer has no liability for the tax.

2. ~~Each taxpayer shall pay the excise tax on cannabis to the Department upon the first sale of cannabis or cannabis products to a cannabis establishment or consumer.~~

~~3. If a cannabis cultivation facility sells cannabis to another cannabis cultivation facility and pays to the Department the excise tax imposed by subsection 1 or 2 of NRS 372A.290, as applicable, the excise tax imposed by subsection 1 or 2 of NRS 372A.290 is not required for any subsequent wholesale sale of that cannabis.~~

~~4. Each taxpayer shall keep all supporting documentation for verification that the applicable excise tax imposed by subsection 1 or 2 of NRS 372A.290 on cannabis was properly reported and paid .~~ ~~on the first wholesale sale of cannabis.~~

~~5. 3. The Department may require a cannabis establishment to submit a financial statement as determined to be necessary by the Department to ensure the collection of any taxes which may be owed by the cannabis establishment.~~

Sec. 19. NAC 453D.230 and 453D.233 are hereby repealed.

TEXT OF REPEALED SECTIONS

453D.230 Provisions governing payment, collection, administration and enforcement of marijuana taxes also applicable to excise tax on marijuana and marijuana cultivation facilities. (NRS 453D.200) The provisions of NRS 372A.200 to 372A.380, inclusive, which apply to:

1. The excise tax on marijuana, as defined in NRS 372A.220, also apply to the excise tax on marijuana imposed pursuant to NRS 453D.500.

2. A taxpayer, as defined in NRS 372A.250, also apply to a marijuana cultivation facility.

453D.233 Marijuana and marijuana products sold at retail marijuana store subject to sales tax; submission of returns and payments. (NRS 453D.200) Marijuana and marijuana products sold pursuant to chapter 453D of NRS are subject to sales tax when sold at a retail marijuana store. Returns and payments must be submitted as provided in NRS 372.354 to 372.395, inclusive.

LEGISLATIVE REVIEW OF ADOPTED REGULATIONS - NRS 233B.066
Informational Statement
LCB File No. R052-23

1. A clear and concise explanation of the need for the adopted regulation.

Proposed permanent regulation (R052-23) outlines requirements related to the excise tax on cannabis, particularly regarding transactions involving cannabis consumption lounges. It clarifies tax reporting obligations for cannabis retail stores and consumption lounges, including documenting and reporting sales to the Department of Taxation. The regulation delays payment of the excise tax on cannabis by consumption lounges until the products are sold to customers. It also revises the calculation of fair market value for wholesale cannabis transactions and removes outdated provisions to align with updates from Assembly Bill 430 of the 2023 Legislative Session. Additionally, the regulation sets standards for record-keeping and payment of sales tax by cannabis sales facilities.

This regulation is necessary for the Department to comply with the newly enacted provisions of law set forth in Assembly Bill 430 for calculations of fair market value of cannabis and cannabis products for affiliated entities. Moreover, the regulation and enforcement of cannabis consumption lounges was enacted by Assembly Bill 341 of the 2021 Legislative Session. The Cannabis Compliance Board enacted regulations regarding the licensure and enforcement and this regulation establishes the procedures regarding proper taxability of these lounges as contemplated by statute.

2. Description of how public comment was solicited, a summary of public response, and an explanation of how other interested persons may obtain a copy of the summary.

The Department of Taxation, as staff to the Nevada Tax Commission, solicited comment from the public by issuing a questionnaire to interested parties regarding any impact on the public and small businesses and sending notice of workshops and hearings for public meetings to provide public comment by electronic or regular mail as follows:

<u>Date of Notice</u>	<u>Workshop/ Hearing</u>	<u>Date of Workshop/Hearing</u>	<u>Number Notified</u>
6/20/24	Workshop	7/9/24	202
10/30/24	Adoption Hearing	12/4/24	241

The mailing list included the interested parties list maintained by the Department. Notices were also posted at the Nevada State Library, Legislative Counsel Bureau, the Department's website and various Department of Taxation locations throughout the State. Comments were also solicited by direct email.

Summary of public responses from Workshop:

Layke Martin, Nevada Cannabis Association:

The Nevada Cannabis Association (“Association”) provided written comment and raised concerns about certain provisions in Section 17 of the regulation. In response, the Department has agreed to delete a specific provision (subparagraph (2) of paragraph (e) of subsection 3) related to the wholesale cannabis tax. The issue was that cultivators cannot determine if a buyer will use the product for assembling pre-rolls at the time of sale, so the fair market value (FMV) will now focus on pre-rolls assembled and sold by the cultivator. This change is reflected in the Agency Revised Proposed draft of the regulation intended for adoption by the Tax Commission.

The Association also inquired about outliers affecting the median price (as set forth in subsection 4, paragraph (c), subparagraph (2)). The Department’s Economist analyzed the methodology and confirmed that Nevada does not include these outliers in the median price, similar to other states.

Lastly, the Association asked the Department whether the quantity of product sold in each transaction, as recorded in METRC, affects the FMV. After reviewing the matter, the Department’s Economist concluded that the standardization of price per transaction based on weight or quantity, depending on the specific cannabis category, corrects for any market capitalization that a purely weight-based method would otherwise make susceptible.

Summary of public responses from Hearing:

None.

A copy of the recorded comments, the record of proceedings, and/or the Small Business Impact Statement may be obtained by calling the Nevada Department of Taxation at (775) 684-2059 or by writing to the Department of Taxation, 3850 Arrowhead Dr., 2nd Floor, Carson City, Nevada 89706, or by e-mailing the Department at sglazner@tax.state.nv.us.

- 3. The number of persons (not including Department staff or Commission Members) who:**
- (a) Attended each hearing:**
 - (b) Testified at each hearing:**
 - (c) Submitted written comments:**

Workshop date: July 9, 2024

(a) Number in attendance: 12

(b) Number testifying: 1

(c) Written statements submitted: 1

Adoption Hearing date: December 4, 2024

(a) Number in attendance: 0

(b) Number testifying: 0

(c) Written statements submitted: 0

4. **For each person identified in paragraphs (b) and (c) of number 3 above, the following information if provided to the agency conducting the hearing:**

Testified at Workshop:

Name: **Layke Martin**

Telephone number: **702-483-7255**

Business address: **310 E. Warm Springs Road, Las Vegas, NV 89119**

Electronic mail address: layke@nvdispense.com

Name of entity or organization represented: **Nevada Cannabis Association**

Provided written public comment for Adoption Hearing: None.

5. **A description of how comment was solicited from affected businesses, a summary of their response and an explanation of how other interested persons may obtain a copy of the summary.**

The Department of Taxation, as staff to the Nevada Tax Commission, solicited comment from the public by issuing a questionnaire to interested parties regarding any impact on the public and small businesses and sending notice of workshops and hearings for public meetings to provide public comment by electronic or regular mail.

See same response as Section 2 for summary of responses.

In addition to comments at the workshop, Department staff met independently with cannabis industry representatives to confirm their concerns and consent to the regulatory provisions, as described above in the comments for the Workshop.

A copy of the written and recorded comments or the record of proceedings may be obtained by calling the Nevada Department of Taxation at (775) 684-2059 or by writing to the Department of Taxation, 3850 Arrowhead Dr., 2nd Floor, Carson City, Nevada 89706, or by e-mailing the Department at sglazner@tax.state.nv.us.

6. **If the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.**

The Nevada Tax Commission adopted the regulation with the agreed proposed changes which are reflected in the Agency's Revised Proposed draft of the regulation. These changes were noticed to the public more than 30 days in advance of the Public Hearing to reflect the input and impact to the industry affected by the Regulation. Specifically, the Tax Commission adopted the regulation as prepared by LCB, with the deletion of subparagraph (2) of paragraph (e) of subsection 3.

The Tax Commission further confirmed its intent to adopt the regulation with changes deemed appropriate by LCB in subsections 1 and 2 of sections 11 and 12 regarding application of single use cannabis products.⁷

The estimated economic effect of the regulation on the business which it is to regulate and on the public. This must include adverse, beneficial, immediate and long-term effects.

(a) Estimated economic effect on the businesses which they are to regulate.

The adopted permanent regulation presents foreseeable adverse beneficial, short-term or long-term economic effects on businesses regulated by this Regulation. However, the estimated effects are difficult to calculate and depend on market conditions, including demand for cannabis and cannabis products. The intention of the regulation is to align with recent statutory changes and ensure that fair market value is calculated more timely (quarterly versus semi-annually) to reflect current market conditions and to ensure equitability in taxation for affiliated and non-affiliation entities. This should benefit non-affiliated entities. Notwithstanding the changes to fair market value in this Regulation, the Department was already calculating fair market value for taxation purposes and this Regulation comports with recent legislative changes and codifies the calculation process into the Nevada Administrative Code.

(b) Estimated economic effect on the public which they are to regulate.

The adopted permanent regulation may impact the public in the form of costs for cannabis and cannabis products as well as the amount of tax revenue generated from the sale of cannabis. Again, whether these estimated effects will have adverse, beneficial, short-term or long-term economic effects to the public is difficult to estimate and will be based on market conditions, including demand for cannabis and cannabis products. The Department will maintain these statistics on a monthly basis.

8. The estimated cost to the agency for enforcement of the proposed regulation:

Enforcement of the adopted regulation presents no significant foreseeable or anticipated cost or decrease in costs.

9. A description of any regulations of other State or governmental agencies which the regulation overlaps or duplicates and a statement explaining why the duplication or overlap is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.

The adopted permanent regulation does not overlap or duplicate any regulation of other state or local governmental entities.

10. If the regulation includes provisions that are more stringent than a federal regulation that regulates the same activity, a summary of such provisions.

The Department is not aware of any similar federal regulations of the same activity in which the state regulations are more stringent.

- 11. If the regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.**

The adopted permanent regulation does not include new fees or increase an existing fee.

